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ABSTRACT

This publication contains ten papers designed to show relationships between job creation and vocational education. Information is presented regarding three areas: (1) national and state perspectives of job creation, (2) examples of how specific vocational education disciplines impact in the job creation process, and (3) case studies of job creation activities in three communities. The first paper, Vocational Education's Role in Job Creation and Job Development, presents a national perspective of job creation, while the second, Job Creation and Vocational Education Leadership, emphasizes the need for leadership at the state level to facilitate the job-creation process. Small Business Development and Job Creation provides a rationale for small business as a primary source of job creation activities. The Role of CETA (Comprehensive Employment and Training Act) in Job Creation focuses on CETA programs which are designed to prepare people for the work force. The next three papers concern the impact on job creation of three specific vocational areas: health care industry, special needs population, and new and emerging vocational home economics. The final three papers are case studies developed to highlight activities within communities that affect employment. The communities are Staples, Minnesota, and Urbana-Champaign and Decatur/Macon County, Illinois. (YLB)

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Concept Papers: Relationships Between Vocational Education and Job Creation

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July 1980

OVERVIEW

This publication is designed to show relationships between job creation and vocational education. Information is presented regarding the following three areas: 1) national and state perspectives of job creation, 2) examples of how specific vocational education disciplines impact on the job creation process and 3) case studies of job creation activities in three communities.

Krishan Paul presents a national perspective of job creation, while the need for leadership at the state level to facilitate the job creation process is given by Earl Russell.

Two areas which will impact considerably on the job creation process are small business and CETA. Robert Nelson provides a rationale for small business as a primary source of job creation activities, while James Leach focuses on CETA programs which are designed to prepare people for the work force. Specific vocational areas can have an increased impact on job creation. Ellen Hooker identifies new and exciting occupations in the health care industry; L. Allen Phelps examines new types of programs for special needs populations; and Mildred Griggs focuses on programs which have been designed to prepare people in new and emerging home economics occupations.

Because job creation takes place primarily at the local level, three case studies have been developed to highlight activities within communities that affect employment. Duane Lund provides a brief summary of the social and economic effects of job creation activities in Staples, Minnesota. In Illinois, Pauline Peverly looks at the Champaign-Urbana community, while Douglas Paulson describes the Decatur/Macon County area.

Because of a lack of information available to state and local people concerned with vocational education and job creation, it is hoped that this publication will fill that void. The comments and questions regarding the ideas presented in this publication should be addressed to:

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VOCATIONAL EDUCATION'S ROLE IN JOB CREATION AND JOB DEVELOPMENT

by

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INTRODUCTION

This paper attempts to fill a gap in information pertaining to job creation and the role vocational education plays in the process. The traditional role of vocational education is probably best defined in terms of the legislative mandate as stated in the 1976 Amendments of the Vocational Education Act, Public Law 94-482. It defines vocational education as ". . . vocational training or retraining which is of high quality, which is realistic in the light of actual or anticipated opportunities for gainful employment . . ." The implication of this declaration is clear. Vocational education must prepare its students for gainful employment on jobs that exist or that are likely to exist when they complete their training. Moreover, this role of vocational education has not changed since the Smith Hughes Act of 1917, although emphasis on different program areas and different population groups has shifted with every amendment. The primary emphasis though has always remained on the students and how to train them. Persons has stated this purpose in the following terms:

> Vocational education has concentrated largely on creating a supply of job seekers. The demand side has been viewed only as a source of information, albeit an important one, to guide vocational educators in planning programs and evaluating the effects of their efforts. (Persons, p. 3)

Braden and Paul have also described the traditional role of vocational education as development of skills related to the job market. They stated that:

> A major purpose of vocational education is to assist individuals in acquiring and developing skills transferable to jobs in the local market place. Early support for vocational education was geared to specific occupations which were in demand by employers. The assumption was that vocational education benefited both the individual and society - by supplying skilled workers to employers. (Braden and Paul, p. 7)

Over the past few years, however, the role of vocational education has been undergoing a subtle but profound change. From merely affecting the supply side of the economic equation, vocational education is now actively seeking to change the pattern of worker demand at the state and local levels. By coordinating their efforts with other state and local agencies, vocational educators are taking a proactive part in economic development rather than the traditional reactive one. It is the economic development role of vocational education that is the focus of this paper.

In the following sections, the process of economic development, especially that of job creation, is explained and vocational education's role in the process is outlined. The current state of the art is described in order to demonstrate the potential of vocational education and how that potential is being realized in some states. Before discussing vocational education's role, it is appropriate to define two of the terms that will be used throughout this paper.

ECONOMIC DEVELOPMENT

Economic development as defined by various economists is the process of expanding the productive capacity and improving the quality

of life in an area of a region. (Lee Bruno and L.M. Wright; Richard E. Winnie; Larry Ledebur). Economic development has two components which are equally important: (a) economic growth which refers to increases in employment and earnings and (b) community development which refers to improving the quality of life and includes more and better schools, roads, hospitals, recreation, security, and a host of tangible and intangible environmental qualities that makes a community better for its citizens. Together, these two components constitute a process which the economists call economic development.

The following list identifies the objectives of economic development as defined by economists. In general, objectives 1 and 2 can be attributed to economic growth and objectives 3 and 4 to community development.

Objectives of Economic Development*

Employment Opportunities

1. To maintain or improve utilization of persons who desire work,
2. To maintain and improve the quality of jobs.

Income

3. To maintain and improve the ability of families and individuals to purchase their living needs.

Detrimental Effects of Economic Growth

4. To minimize detrimental effects on the environment resulting from economic growth,
5. To conserve and utilize energy and other natural resources efficiently.

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*Source: Richard E. Winnie, "Outcome Measures of State Economic Development Programs." In Human Resources and Regional Economic Development edited by Paul V. Braden, Washington, D.C.: U.S. Department of Commerce, Economic Development Administration, 1977, p. 142.

Citizen Satisfactions

6. To maximize citizens' satisfactions with their standard of living;
7. To maintain and improve the quality of life.

The definition of economic development is not very precise, and according to Vaughan (p. 11) is, ". . .best understood as a response to perceived problems, not as an attempt to meet targets." Economists talk about rates of inflation, unacceptable levels of unemployment, and a rate of economic growth. But when it comes to economic development, they talk about quality of life, decreasing unemployment and increasing earnings, leaving the central definition vague and imprecise.

Economic growth occurs with the improved interaction of economic factors namely, land, labor, capital, and management or what Bruno and Wright (pp. 4-7) term as five M's: materials, manpower, markets, management, and money. All economic factors are important for economic development, though their relative importance depends on the existing conditions and specific objectives of the community or area.

Vocational education plays a relatively small role, albeit a crucial one, in the total process of economic development. Economic development involves structural change in response to market forces as well as social, demographic, and political changes in the country, region, state or community (Braden and Paul, p. 1). Because vocational education affects only a few of the elements in the change process, its role (though important) remains limited. Vocational education's role perception becomes even clearer when considering the essential elements of economic growth. Vaughan (pp. 20-29) divided the five M's of Bruno and Wright in three groups with other elements which he considered important for economic growth. His classification of the factors of economic growth is presented in the following list:

Economic Factors Important for Economic Growth*

1. Demand for output - market and consumer demand.

2. Input costs and availability - include the following factors:
   - o Land and natural resources
   - o Labor
   - o Raw materials
   - o Energy
   - o Finance
   - o Transportation
   - o Taxes and municipal services
   - o External economies: Scale and Agglomeration

3. Local characteristics - include the following:
   - o Amenities - schools, recreation, safety, and cultural opportunities
   - o Leadership - local and state

As a part of the "local characteristics," vocational education is important for economic growth. However, it is the preparation of skilled labor where vocational education could play a dominant role. In the context of economic growth and relative to all other factors, the role of labor will differ from industry to industry and often from community to community.

JOB CREATION

When new employment opportunities occur for the citizens of the community or area in the process of economic development (both economic growth and community development), it is called job creation. According to this definition, if a new plant relocating in or near a community brings in employees from its old location, there will be no

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*Source: Robert T. Vaughan. State Taxation and Economic Development. Washington, D.C.: The Council of State Planning Agencies, 1979, pp. 22-29.

job creation, although economic growth may have occurred. Whereas job creation is dependent on economic growth, the latter may not necessarily create jobs. However, economic growth often, and community development (to maintain or improve roads, waterworks, schools, etc.) almost always, creates new jobs and opens new employment opportunities.

There are two additional aspects of job creation that need to be considered. One is job development and the other is job preservation. Job development refers to the process when an existing job is either upgraded or reorganized to include additional tasks and activities. Technology and development of new processes play an important role in job development.

Basically, the three main reasons for job development include:

1. Social: Employers may not be able to fill some low status and low skill jobs, such as janitors. In such cases, these jobs may be upgraded by adding new responsibilities, new tasks, or new processes. Upgrading adds status as well as higher wages to the job.

2. Technology: New and emerging technologies may necessitate the development of new jobs. Electromechanical technicians and solar-cell technicians are only two of many recent examples of job development resulting from emerging technologies. In both cases, job development did not result in any significant increase of jobs although some technicians have moved into these positions.

3. Productivity: Jobs are developed to increase productivity. In order to improve productivity, employers rearrange tasks and processes and develop new job functions. Experimental developments at the Volvo plant in Sweden and similar experiments in this country aimed at increasing worker motivation and improving productivity are examples of job development to increase productivity.

There are declining communities all over the United States. They are declining because industries and businesses are either moving out or are closing down because of economic reasons. Although not much can be done about industries that are closing, communities occasionally do mount efforts to persuade industries to remain and not to relocate. If such efforts succeed, many people who would be out of work are able to preserve their jobs. This effort or process is called job preservation. Because job preservation may result in the revitalization of a community, it is considered a part of job creation and, hence, economic development.

PROCESS OF JOB CREATION

The United States has a large employment problem, and the realities of this problem are stark and staggering. Unemployment is currently at eight percent with more than seven million people out of work; unemployment among minority youths is more than 20 percent, and in some cities it hovers between 30 and 40 percent. Industries and businesses are moving out of the cities and are compounding an already critical urban employment problem. Millions of new jobs are needed for the youths who are unemployed and jobs are needed for women who are entering the labor force in increasingly larger numbers. New jobs are also needed for our elderly who want to remain productive for longer periods of their lives. In a democratic society, most of the jobs are created by private employers who produce goods and services to make a profit. The government, on the other hand, creates an environment in which economic development is encouraged. In this section, the process of job creation and the roles of the public and private sector will be presented, in addition the role of vocational education in creating new jobs will be examined.

STRATEGIES FOR JOB CREATION

The two major strategies that most states and local areas use for job creation and economic development are (a) tourism and (b) industrial or business development. Of the latter, more states and communities concentrate on industrial development for job creation than on promoting new nonindustrial businesses. This is partly because industrial development has a larger multiplier factor (Pierce et. al, p. 12), which means new investments for industrial development create more tertiary jobs in addition to jobs necessary for the actual production of goods.

The travel industry stands out as a major creator of jobs, especially for minorities, women and youth, and other such groups that most need new jobs (U.S. Conference of Mayors, p. 2). Except for traditional state attractions such as Disneyland in California and Niagara Falls in New York, most of the tourist boom has occurred in large cities and convention centers. Although critics contend that most jobs created by tourism are low level jobs with minimum skill requirements, tourism provides a relief valve in the central cities where need for new jobs is the greatest, and its utility has been grossly underestimated. New York, Chicago, Los Angeles, New Orleans, and dozens of other large and medium-sized cities in the United States have lessened their chances of bankruptcy by tourists and conventioneers who spend billions of dollars which help the local economies.

A report concerning tourism published by the U.S. Conference of Mayors stated:

> . . .the managerial resources, financial investment, and the broad spectrum of support services necessary for the growth and maintenance of this industry are located primarily in America's cities. Public funds have been used to build coliseums,

> stadiums, and convention centers. The size and number of these physical resources demonstrate the growth of the cities' commitment to the visitor as a source of income and economic visibility. (U.S. Conference of Mayors)

Whereas convention centers and stadia attract the tourists to the cities, natural resources and pastoral tranquility draw millions of travelers to the American countryside every year. In many areas, tourism is the most important industry and supports a large number of jobs in amusement parks, hotels and motels, gift stores, craft shops, and other sections of the travel industry. Many rural areas are taking a second look at their potential as tourist attractions in order to cash in on the travel dollars.

So far, the role of vocational education in the area of job creation has been minimal. Except for sporadic efforts to train workers for the "hospitality" industry, there has been little effort to develop linkages between vocational education and the tourism industry. Music and entertainment, construction and management of convention centers and craft shows, and maintenance of equipment at amusement parks are some of the areas where vocational education could assist the travel industry to benefit from a better trained work force.

Industrial Development is a strategy for economic development used by every state and most of the urban and rural communities in the United States. States and communities vie with one another to attract industry. With millions of investment dollars and thousands of jobs at stake, competition is intense and sometimes fierce. Often, industries planning to relocate plants are offered substantial tax advantages, financial priorities, and tailored facilities as incentives to locate in a certain area. Vocational education plays a very important and often

aggressive role in this game of competitive industrial development. The following excerpt testifies to this role:

> For many communities in this country, vocational education has been one of the vital elements in bringing about an improved local economy. The availability of intensified educational programs designed to prepare people for work has made the difference when state and community leaders have gone out in search of industry to bring back home. The promise of a properly trained work force to draw upon has often been the deciding factor. (Phillips, p. 29)

Improvement of roads, transportation systems, sewage systems, health care, and construction of industrial parks are some other activities that are undertaken to make states and communities more attractive to industry and thus set the stage for economic growth.

THE ROLE OF THE PUBLIC AND PRIVATE SECTORS

Because the job creation process is somewhat similar in all economic sectors, only job creation in industrial development will be discussed in detail. A strong commitment by a state, region, or community is needed to develop the economy and improve the quality of life of its citizens. As a result of economic development, jobs are created both by the actions of government in the public sector and by the interaction of economic forces in the private sector. Although the role of the public sector may seem to dominate the job creation process, 80 percent of all jobs are created in the private sector of the American economy. The job creation process in the public and private sectors is outlined in Figure 1.

Public Sector Role. Federal government's role in job creation dates back to the late 1930's when thousands of public sector jobs were created to pull the country out of a deep depression. Since then, public sector work projects have been used as a countercyclical measure

to combat recurring recessions in America's economy. In recent years, thousands of public sector jobs have been created by CETA prime sponsors. With the goal of reducing unemployment and an authorization of $10.6 billion in 1979 alone, CETA is probably the most ambitious job creation program implemented by the federal government. With legislatively mandated set-asides and other contractual arrangements, vocational education provides valuable support to CETA training and other job creation programs. Most public service jobs are created by CETA prime sponsors with support from state and local public agencies. Summer youth programs and cooperative education programs are generally operated by vocational educators with funding support provided by CETA prime sponsors. Like vocational education, "CETA has the potential to be a powerful mechanism for local vitalization" and economic development. However, the program is so new, its effect on education and local development has not yet been assessed. (Rosenfeld, p. 10).

In spite of the differences in objectives and approaches, there is an important element which is common to both CETA and vocational education which sets the two apart from all other federal, state, and local job creation or economic development programs. Vocational education and CETA both improve the inherent abilities of people to make them more employable. All other public sector programs aim at correcting the system by creating more job opportunities. In other words, vocational education and CETA try to change the supply side of the economic equation and all other public sector economic development programs try to influence the demand side of the same equation.

There are a host of other federal and state programs that help

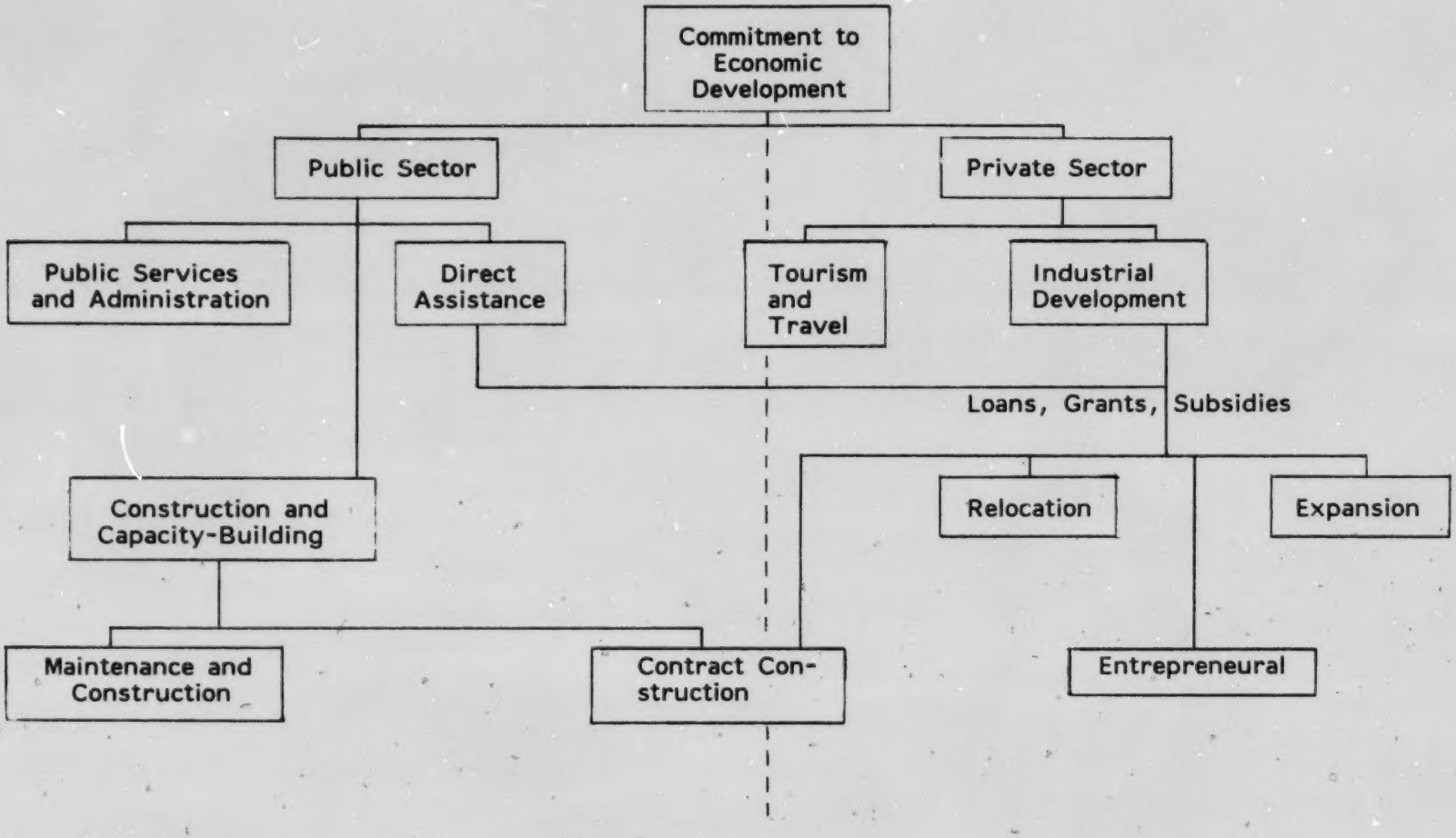

FIGURE 1. THE PROCESS OF JOB CREATION

states and communities to create more jobs through economic development. Most of these programs improve the roads, sewer systems, transportation, and school systems, etc., thereby helping communities to attract new industries and businesses. These programs improve the infrastructure that supports additional economic activity. One characteristic common to all such programs is that most of the work is done through contractual agreements which are performed by the private sector. Thus, the funds provided by the public sector help the private sector to create jobs and develop community infrastructures at the same time.

One of the most important programs of community development is implemented by the Economic Development Administration (EDA) under the Public Works and Economic Development Act (PWEDA) of 1965. The program is designed to:

> help areas and regions of substantial and persistent unemployment and underemployment to take effective steps in planning and financing their public works and economic development; . . . (to) enable such areas to help themselves achieve lasting improvement and enhance the domestic prosperity by the establishment of stable and diversified local economies. . . (Rosenfeld, p. 10)

Hundreds of thousands of jobs have been created with funds provided under the PWEDA and its predecessor the Area Redevelopment Act of 1961. Similar programs are also run by other federal agencies and departments, some of which include the following (Bushnell, pp. 15-21):

1. Department of Agriculture, Farmers Home Administration
2. Department of Transportation, Urban Mass Transit Administration
3. Community-service, Administration, Office of Economic Development

4. Small Business Administration (SBA)

Bushnell sums up their contribution to job creation effort in the following terms:

> . . .Ignoring for the moment recent CETA and Vocational Education legislative amendments, these other federal initiatives have sought to strengthen regional economies through the investment of federal dollars. Some are obviously concerned with urban, others with rural development; yet all are directed at enhancing or revitalizing various regions of the country. About $14 billion was allocated in support of these programs in fiscal year 1979 alone. (Bushnell, p. 16)

A large number of state and local progams are also aimed at community development and job creation. Most of these are either directly funded by federal programs or operated in tandem with their federal counterparts. In a recently published report, the Advisory Commission on Intergovernmental Relations affirmed that the interest and efforts for economic development in states and regions is on the increase. Most states are now making efforts to coordinate all federal, state, and local programs to improve the infrastructure of targeted communities to attract new businesses and industries. In many states, these efforts are succeeding.

As a part of the community infrastructure, vocational education benefits from many of the federal and state programs. At the same time, vocational education supports the development process by supplying trained workers according to the needs of both public and private sectors.

Private Sector Role. The right hand side of Figure I describes the job creation process in the private sector. Travel and tourism is a large and growing section of the private economy in the United States and creates thousands of new jobs every year. Its current tenuous

relationship with vocational education needs to be studied and strengthened.

The largest section of the private sector is still industry and business which creates hundreds of thousands of new jobs every year. Although more jobs are created by small business and service industries, large manufacturing and processing industries are generally sought by states and communities searching for economic development. In addition to creating jobs themselves, manufacturing industries also create a demand for services which increases economic activity in the communities in which they are located. This phenomenon, called the "multiplier effect", is present in all industries but is greater for high technology industries than either processing or service industries. That is one of the reasons communities compete with each other to attract new high technology industries for location within their areas. Basically, there are three ways that industries create jobs. They are:

. . .Relocation

. . .Expansion

. . .Entrepreneurial Development

Industries relocate because it is no longer profitable for them to produce goods or services in an area, region, or a state. When they do relocate, they bring new jobs and vitality to the new communities. However, it is at the expense of other communities and other workers who may have lost their jobs when the industries moved. Viewed from the national vantage point, industry relocation is a zero-sum game which nonetheless is being played very vigorously by many states and communities. Millions of dollars are being spent on advertising campaigns, industry recruiting ventures, and entertainment of prospective

clients. With the stakes growing higher in a slow growth economy, there is more and more pressure between states to compete for businesses and industries which result in new jobs (Rosenfeld, p. 19).

Vocational education and, to a certain extent, CETA play a leading role in the industrial relocation sweepstakes. Most states offer a vocationally trained work force to match the specific personnel needs with little or no cost to the employer. Vocational educators in cooperation with professional industry recruiters attract industries with customized training programs and, in some cases, a subsidized work force during the initial start-up period, often using CETA funds. Along with tax advantages and improved infrastructure, vocational education often proves to be a drawing card to attract new industry to relocate. Availability of a trained work force is one of the most important reasons to relocate according to the chief executives of large industries. On the other hand, industries interested in relocating are also looking for lower wages, a nonunion labor force, and a political climate conducive to their business. (Washington Post, June 13, 1980, p. C1)

International industrial recruitment is the latest development in the game of relocation. Many states sponsor trips to Europe, Japan, and the Middle East in search of investments from foreign industries and firms. According to a report in the May 31, 1980 Washington Post, communities are being encouraged to lure foreign industries to establish manufacturing plants in "depressed areas" in the United States. Grants are provided to communities to build the infrastructure and, in some cases, low interest loans are made directly to the foreign firms to begin operations. These efforts are bearing fruit in some communities. Vocational educators play an essential part in the recruiting as well as providing training services to foreign and domestic industries.

In spite of the aura and glamour surrounding relocation, most jobs are created by expanding industries and businesses rather than those relocating from one state/community to another. In a landmark study of 5.6 million business establishments in the United States, it was found that:

> . . . Small firms (20 or fewer employees) generated 66% of all new jobs in the U.S.
> . . . Small independent-firms generated 52% of the total.
> . . . Middle size and large firms provided relatively few new jobs.
> . . . Young firms generated 80% of all replacement jobs.
> . . . Small firms are more likely to die; but if they survive, they are four times more likely to expand than contract; large firms are 50% more likely to shrink than grow. (Birch, pp. 6-17)

Birch also found regional differences which indicated that jobs lost by large firms in the Northeast (relocation) were almost made up by growth in jobs generated by expanding small firms.

Vocational education and CETA provide support to expanding industries. Some training facilities that are offered to relocate industries are also offered to expanding industries. "To help industry to continue to grow, the Pennsylvania Department of Commerce in cooperation with the Department of Education provides training for new or expanding industry. . ." proclaims a brochure which goes on to explain the kinds of services that are offered to the industry. Similar claims are made by most other states that offer industrial training programs. The services offered by vocational education and CETA range from recruitment of new workers to in-plant training of existing workers. They include task and occupational analysis, curriculum development, production of instructional materials, classroom and in-plant instruction, and job counseling. All the services are individually custom-made for a

particular industry. Effectiveness of this approach is rated very high by client industries.

Theoretically, all these services are available to every industry and business that needs them. However, in practice, most of the clients that profit from them are large industries or businesses. No satisfactory mechanism has yet evolved to provide this kind of support to small businesses. CETA appears to have done a better job of servicing small businesses than vocational education. Even so, awareness of the problem is increasing and some experimental programs are being designed to assess the needs of small business and provide them with training services on a regular and systematic basis.

Another area of job creation that has ordinarily been neglected by vocational education is related to the development of entrepreneurs. Except for a few experimental programs, there is no systematic effort to train youths and adults who want to become self employed. Some assistance is provided by the Small Business Administration (SBA) but its scope is limited. The SBA chiefly provides assistance to those who already own a small business and need financial or managerial help. Training and helping people to start a new business is not being conducted on a systematic basis either by the SBA or by vocational education, or by any other federal or state agency. Of the large number of people going into business on their own every year, most do not survive beyond two years. With training and coordinated assistance from vocational education, SBA, and state and local agencies, more of them could succeed.

Although construction could be considered as a part of the "industrial development", it deserves special mention because (1) it is an

essential activity both in the public and private sectors to improve the infrastructure of communities, and (2) it has the potential for creating jobs in communities where no other industries exist. The construction industry reflects the general health of our economy and has a prominent position in the "economic indicators" regularly compiled by the U.S. Department of Commerce. In good times, the construction industry creates a large number of jobs which revitalizes the economy of communities where the jobs occur. Many construction jobs, most of them highly skilled, move with the construction projects and create boom towns near and around them. A recent example of boom conditions occurred in Alaska during the massive pipeline construction project. Construction projects are also used by the federal government as a countercyclical weapon to combat increases in unemployment due to recession.

As in the rest of the U.S. economy, most of the construction jobs are created in the private sector, although there is strong financial support from the public sector through contract construction. Except for providing some training programs in construction trades, vocational education does not play a significant role in job creation in the construction industry. Vocational education, as a part of the infrastructure, benefits from the job creation and economic development activities of the construction industry.

VOCATIONAL EDUCATION'S ROLE

From an historical perspective, vocational education in the United States has evolved from an early concern with providing more generic occupational skills which were believed to relate to large families of jobs

to its present concern for specialized training for existing and anticipated jobs. In the process, vocational education has become more helpful to business and industry in meeting their manpower needs. Over the years, the relationship between vocational education and industry has been cordial and close: industry looking to vocational education for immediately employable graduates and schools hoping to place their students in good jobs as soon after graduation as possible. Although the strength of these ties has varied from state to state, the movement toward closer collaboration has been a positive and growing one.

By itself, vocational education does not create jobs. However, it plays a crucial role in the job creation process. Figure 2 shows the role of vocational education in developing linkages with other agencies to achieve the objective of creating new jobs. The three types of programs conducted by vocational education to promote job creation are: (1) industrial training, (2) assistance to existing industries, and (3) self-employment training. To explain these programs, some selected states and local programs are described which have organized job creation programs.

Four types of programs can be used as models. Two of the models operate as statewide programs; the third is applicable to local efforts; and the fourth is applicable to school-based programs to teach self-employment. These models are for classification purposes only and may not exist in pure forms. It is possible that a single state may be found to have used all four models to pattern its programs. The four models are:

...Single-Agency Program

...Multi-Agency Program

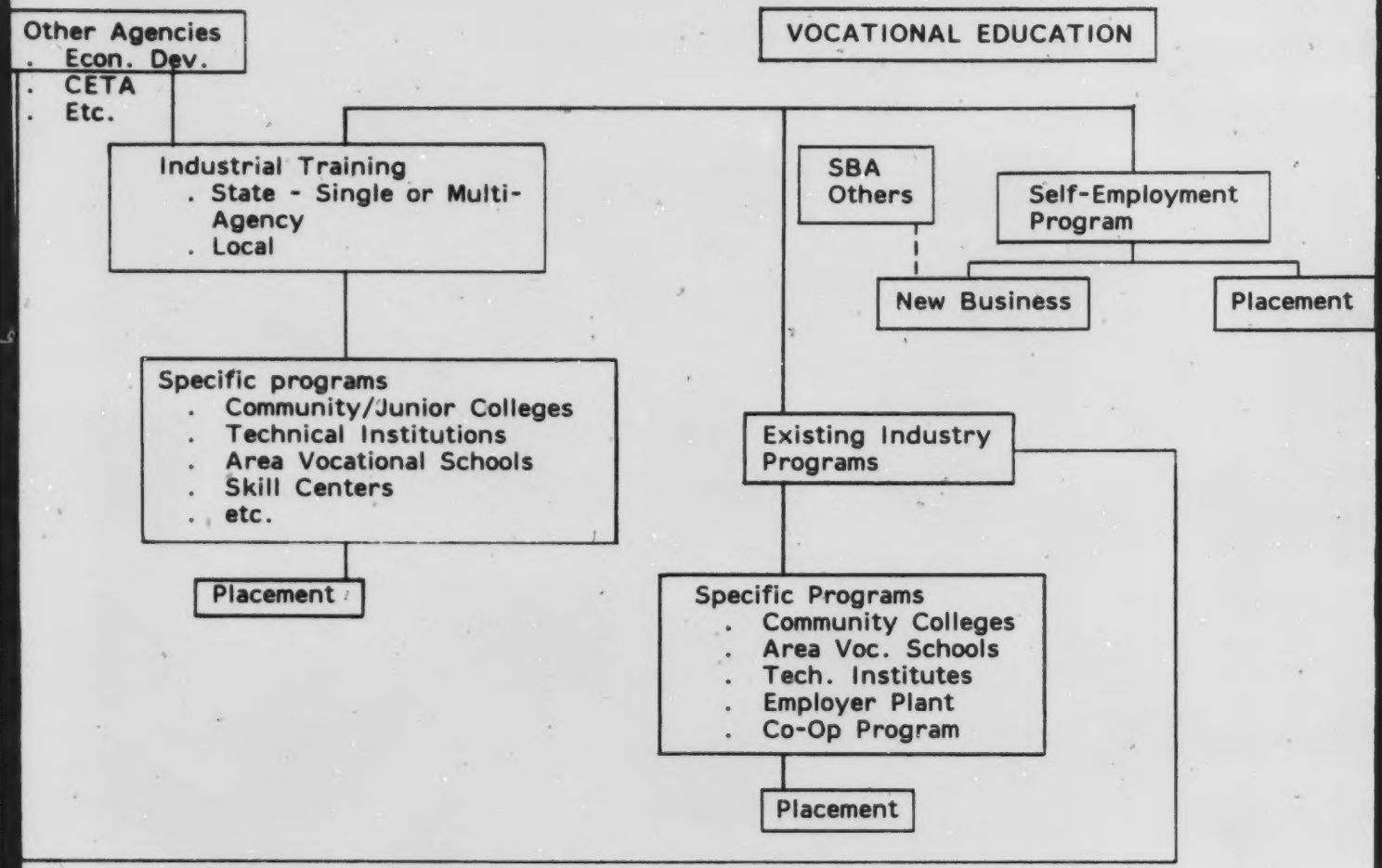

FIGURE 2. VOCATIONAL EDUCATION FOR JOB CREATION

...Local Development Program

...Programs for Self-Employment

1. Single State Agency Model. Economic development and job creation programs following this model are concentrated in a single state agency either by legislative mandate or an executive order of the governor. The agency is responsible for planning, coordinating, and implementing a statewide program of economic development and job creation. Other state and local agencies including vocational education are expected to lend a helping hand. All contacts with the private sector are maintained through a staff of professionals whose functions include: finding suitable sites for new industries, facilitating land acquistion, making financial arrangements, licensing, and making other arrangements necessary to start a new industrial or business venture. These agency professionals often function as brokers in bringing together prospective industries and communities seeking new jobs.

Recognizing that the availability of trained manpower is one of the most important factors influencing plant location decisions, the economic development teams generally include industrial training coordinators and planners who are often recruited with a vocational education background. They operate as essential parts of the teams and have minimal or no allegiance to the regular educational hierarchy in the states. The industrial training professionals assess employer needs, plan training programs, develop curricula and training materials, and often conduct training programs.

A number of states have used a single agency approach to economic development programs. Examples can be found in Alabama, Georgia, Louisiana, North Carolina, South Carolina, and Tennessee. However,

most states have adapted the model to fit their own needs. State programs, therefore, differ in considerable detail, although they all follow the same general design. For example, in South Carolina (Morris, pp. 49-51), vocational education plays an important part in the statewide economic development effort by coordinating industrial training programs in their technical colleges and area vocational schools. In Tennessee, on the other hand, vocational education provides services only when requested by the industrial training director.

There are also significant differences from state to state as to how the training programs are conducted. In Tennessee, for example, after an agreement has been reached with the client (prospective employer), classroom training may be provided by an area vocational school, a technical institute, or a skill development center under contract with the state economic development agency. On-the-job training and in-plant training programs are conducted directly by the industrial training division of the economic development agency that also develops curricula and training materials.

South Carolina operates a network of technical colleges which provide the bulk of customized industrial training programs. Vocational educators in some other states, using state and CETA resources, have organized skill development centers where occupational training is provided to meet the on-going and special needs of employers.

The level at which coordination and linkage takes place between vocational education and the agency responsible for economic development also differs from state to state. In some states, contractual linkages exist at the state level (South Carolina and Florida, for example), with local vocational schools and technical institutions providing the

training. In other states, (Louisiana, for example) formal linkages of coordination exist between state economic development authorities and local school systems and technical institutions. In both cases, state and local resources provide the training contracted by the state economic development agency which is solely responsible for needs assessment, client contacts, and planning of training programs. Recruitment of trainees is generally shared between vocational education and state employment agencies in most states.

For periodic contacts with employers who may want to expand their businesses and industries, South Carolina maintains a cadre of thirteen industrial representatives based at the technical colleges. The coordinators provide a continuing liasion between industry and the technical colleges. The industrial coordinators collect and compile data and design special training programs to assist the expanding industries. Some states, however, maintain liaison with business and industry through the regular staff of the development agency.

Single agency states claim that by combining all agents and functions of economic development in one organization, they have better control of all development activities which allows them to present a coordinated package of services to prospective clients. A single agency is also able to respond quickly to the client needs without having to spend time in coordinating with other state and local agencies. Single agency states try to achieve a quick response with a minimum of red tape.

2. Multi-Agency Model. In this model, the functions of economic development and job creation are shared by a number of state agencies with vocational education, either alone or with other training agencies,

but retain the responsibility for providing training services to the clients. Mississippi, New Jersey, Iowa, Minnesota, and Oklahoma are examples of this model. Although some states have evolved the multi-agency model according to their own needs, there are many common features.

The most important feature of the multi-agency model is the central role assumed by state vocational education to provide training services to the prospective employers. A representative of the state vocational education department works with the state economic development professionals to establish contacts with the prospective clients to establish new plants or to expand their existing operations. After initial agreement with the employer, the vocational education coordinator uses state resources to: assess the employer's specific training needs, plan and develop curricula and training materials, and arrange for the training programs to be conducted in an area vocational school, technical institute, community college, or other state/local facility convenient to the new or expanding industrial firm. Many states maintain equipment pools, sometimes even mobile units, to supplement the equipment in area vocational and technical schools.

Oklahoma's State Department of Vocational Education maintains a cadre of local industrial coordinators at strategic places within the state (Goodman, 1979). An important function of these coordinators (vocational educators by profession) is to maintain regular contact with the industrial firms within their regions. Industrial coordinators, therefore, serve as important linkages between state and local vocational educators and industry. They assess training needs and plan training programs to meet clients' specific needs. They are assisted by state

and local vocational education resources to provide these services on a continuing basis. Industrial coordinators may also help local cooperative education coordinators open up new student training positions with local employers.

In Maryland, training services are coordinated by the Maryland Industrial Training Coordinating Council. The Council provides advice and direction to the training programs which are administered through the state department of education. A network of industrial training specialists and coordinators provides assistance to industry by assessing their needs, designing and implementing special training programs, and working with employers on a continuing basis.

In Mississippi, the industry services program is coordinated by the Governor's Office of Education and Training (Brooks et al). In addition to the Governor's Office, the Agricultural and Industrial Board, the Division of Vocational and Technical Education, the Research and Curriculum Unit at the University of Mississippi, and the State Employment Service work jointly to promote economic development and job creation in the state. All training needs of the prospective employers, from needs assessment to a well-trained work force are provided. Liaison with industry, as in so many other states using the multi-agency model, is maintained by industrial coordinators who assess employer needs, design programs, and make follow-up contacts with the employers.

The total responsibility for the job creation process is divided among many agencies and creates a coordination problem. Vocational education tends to play a more prominent role in multi-agency states than in single-agency states. The nature and quality of leadership is

also more important in this type of system as multi-state agency coordination takes skill to overcome potential conflicts and the inevitable competition between agencies.

3. Local Development Model. Initiative for economic development or job creation does not always emanate from state leadership. Many cities, substate regions, and local communities have developed job creation programs using local resources. Local programs may be operating independently of state programs or they may work in tandem with statewide programs. They may even have some characteristics in common with state programs. However, there are at least three distinct elements which differentiate local programs from the state models.

First, in local programs greater emphasis is placed on community improvement with the expectation that the community will become more attractive for plant relocation or expansion. The emphasis has been strengthened considerably by community development block grants from the U.S. Department of Commerce and HUD. In predominantly rural counties, the Department of Agriculture has played a key role in providing resources to improve community infrastructures (better roads, sewage disposal system, etc.). Local development programs, in general, are more concerned with improving the quality of life than are statewide programs.

Second, not having the resources available for a statewide effort, local development programs frequently concentrate on the expansion of local business firms rather than attracting new industries. There are numerous examples (such as Kansas City, Kansas; Nashville, Tennessee; and Oklahoma City, Oklahoma) where cities have increased job

opportunities for their residents through an organized economic development program specifically aimed at expansion of existing companies rather than recruiting new ones.

Third, local development efforts draw many of their professionals from volunteers rather than employees of the state and/or local governments. The volunteers are generally employees of utility companies, local banks, and transportation companies that have a vital stake in the progress of the city or the community. Local chambers of commerce which are supported and operated by the business community frequently play an important role in local economic development programs and are likely to have more grassroots strength than the state models.

Vocational education plays an important role in local development programs and often share that responsibility with local CETA prime sponsors. Training support is provided by vocational educators through cooperative education programs and through programs operated jointly or under contract with CETA. A few local areas have industrial coordinators working regularly on developing linkages between vocational education and the business community. In most areas the function is shared by cooperative education teachers or similar personnel employed by vocational schools. Technical institutes and community colleges also play a prominent role in promoting economic development at the local level.

4. Programs for Self-Employment. One sure way to create more jobs is to promote the health and survival of small businesses. The fourth job creation model is based on developing entrepreneurial skills among students of vocational education programs.

Vocational education's role in teaching self-employment, other than farming, is of recent development. Through the efforts of the Small Business Administration and the pioneering efforts of universities, community colleges, and area vocational schools, considerable progress has been made in recent years. Successful examples of self-employment training programs can be found in all parts of country, including Hartford, Connecticut; Minneapolis and Staples, Minnesota; Upper Valley School in Western Ohio; and Out-of-School Youth Cooperative Training (OSY) programs in Texas (Porteous).

The basic idea is simple. While being trained for a job, students are also taught how to run a business, how to keep accounts, how to manage, and how to market their products and services. In the more successful programs, these skills are taught through practical experience which is acquired either through school-run enterprises or through cooperative arrangements with small businesses located in the area.

Variations on the theme are limited only by the imagination and personal drive of the individual teachers and school officials. These programs meet a need which had been neglected until recently; that is, preparing students to work within existing small businesses after leaving school in order to gain experience to increase their probability of success if they decide to become self-employed. In this model vocational education plays a prominent role, but the program is relatively new and its effects on job creation have not been assessed.

EPILOGUE

Looking ahead to the 80's and beyond, the United States faces some enormous challenges regarding employment and productivity. Inflation is increasing at an alarming rate and with an unemployment rate of eight percent, more than seven million persons are out of work. Unemployment among black youths is over fifty percent and does not show any signs of declining in the near future. Productivity, whose growth rate has been declining for two decades, finally stopped growing at all. Actually, it declined by more than one percent in 1979. In face of the stark realities, the goal of balanced growth, improved production, and real income set by the Full Employment Act of 1978 sounds like an empty promise. And yet, if we don't make significant progress to increse productivity and employment for youths, our survival as a world economic force may be in jeopardy. The challenge is very real.

One method of meeting this challenge is through greater emphasis on job creation to lower the unemployment rate significantly. Economic growth with the concomitant increase in job opportunities may not be a panacea for all our economic ills, but it certainly will help to eliminate some of the inequities in our society--and vocational education does have a role to play in this process of job creation.

Many economists and vocational educators have suggested the direction we should be taking to create more jobs. Thurow suggests that the public sector should create a large number of jobs in order to guarantee a "good" job to anybody willing to work. However, he argues for "real" jobs and not make-believe jobs as some of the CETA jobs are alleged to be. He says:

> If the guaranteed jobs are to be real jobs, then any guaranteed job program must produce some economic output. These outputs might consist of street cleaning in public sanitation departments, or the rebuilding of railway road beds in competition with private industry. . . If the option is between idleness and work, the choice is simple. As long as any useful output is produced, a work project takes precedence over involuntary unemployment. (Thurow, p. 204)

According to Thurow even when the cost of such a program is high, the country as a whole will benefit from increased production of goods and services. Even so, there is a large body of economists who forswear any involvement of the public sector in areas where there could be even a chance of competition with private industry.

Helping the private sector to create jobs is probably the most accepted method of economic development in the United States, but the pace of job creation has not been equal to the needs of a growing population. Vocational education and all other training and community development agencies need to coordinate and pool their resources in such a way that the pace of job creation is significantly improved. This is the only way to meet the legitimate aspirations of the poor, the needy, and the deprived.

Helping the unemployed, while the process of job creation goes on, is an issue which is at the heart of most CETA and vocational education programs. A combination skill training and income transfer approach has been suggested by some researchers such as Wirtz, Swanson and Braden, and Paul utilizing a sort of human resource bank or a "holding tank" to which all unemployed are assigned for skill training while they are out of work. The basic idea is that when a person loses a job, while he or she is paid compensation with state funds, it will cost very little extra resources to be provided with additional training. Simultaneously, efforts could continue through regular channels to place that

person on a job. This way, as soon as the person reenters the employment market, he or she does so at the higher skill level thereby decreasing the chances of future unemployment.

Growth in productivity has been declining in the United States since the late 60's when it declined from 2.6 percent (1958-1968) to 1.9 percent (1968-1973). Between 1973 and 1977 the productivity growth rate further declined to 1.1 percent (Saunders, p. 37). If there is one issue on which there is almost complete agreement among economists and vocational educators, it is the need for improving productivity of our labor force. However, there are many diverse views as to how to increase our labor productivity. They range from "do nothing" -- the declining population growth of the 80's will decrease the labor to capital ratio and improve productivity--to improving the quality of work life.

Many economists and vocational educators agree that productivity of labor can be increased by improving the general skill level of the labor force. When half the increase of output is attributed to labor and technology, it is quite reasonable to assume that improved labor and technology inputs should improve output proportionately by making the marginal worker, or the unemployed who may be a marginal worker when employed again, better skilled at a job. A significant increase in productivity rates can be achieved by improving training. This has been done in some European countries and Japan. There is no reason why it cannot be done here.

Productivity and employment have far reaching implications for job creation and vocational education. Without significant increases in productivity we are losing the competitive edge in the world market place

while other countries, notably Japan and Germany, are achieving significant gains. If we cannot compete in the world market or even domestic markets (consider the auto industry in 1979-80), our economic growth will be stunted and employment will increase beyond reasonable limits.

Working cooperatively with economic development professionals and the private sector, vocational educators have demonstrated that they can provide that competitive edge to industry by improving the skill level of the labor force. It is a small but significant edge. It needs to be enlarged. And as Choate (p. 16c) stated: "At $2.3 trillion, we still have the largest, most advanced economy in the world. But we're living off past innovations. It's up to us to make America competitive again."

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JOB CREATION AND VOCATIONAL EDUCATION LEADERSHIP

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THE JOB CREATION PROCESS

"Job creation" is a term which only recently has come into common use by vocational educators. National attention to the topic resulted from a National Conference on Job Creation and Development sponsored by the American Vocational Association and the National Center for Research in Vocational Education, Ohio State University. That conference assembled leading theorists and practitioners in the area of job creation and vocational education, and resulted in considerable discussion and sharing of ideas.

This interest in the role which vocational education can play in job creation has come at a time of increasing concern regarding the nation's economy and the role which various sectors of society can play in improving our national economic well being (Meyer).

Two major dimensions are involved in determining job creation in the context of vocational education. First, vocational education can contribute to the creation of new jobs through educational programs for employers or prospective employers. These people (entrepreneurs) may be owners of large and small businesses or owners and managers of farms. Vocational education can contribute to the success of small business operators and farmers, and this is frequently manifested when employers hire additional people to work in their enterprises. This constitutes "job creation." Jobs are also created through collaborative

efforts by vocational education and community leaders. These efforts frequently result in the establishment of new or expanded businesses and industries in the community. Such increases in economic activity generally contribute in major ways to community development and improvement in the quality of life.

Contributing to Economic Growth and Community Development

Business people and economists recognize the "ripple effect" of relatively small economic investments on subsequent economic growth and expanded development at the community level. In general, leaders in vocational education have given relatively little thought to economic concepts and how they relate to vocational education programs. Does vocational education have a role in economic growth and community development? Can vocational education do more than supply trained employees for business and industry? Can vocational education contribute to a greater demand for employees with specific occupational skills?

The premise developed in this paper is that vocational education can assume a much broader role than it has taken previously in the creation and preservation of jobs at the community level. Vocational education can prepare employees to work in specific businesses and industries which move to communities. Evidence from states such as Minnesota, Oklahoma, and South Carolina indicates that strong vocational education programs can be a major incentive in the attraction of new business to a specific community: a) existing jobs may be preserved by providing training for employees in various local enterprises, and b) new workers can also be trained to meet the specific needs of

business and industry. Through the education of small business owners or managers of farms, business expansion may be created, resulting in more jobs.

There are a variety of ways in which vocational education can contribute to the economic growth and development of a community. The "ripple effect" of economic growth results in increased demand for goods and services which in turn may create more jobs.

Upgrading or Retraining Existing Employees

Vocational educators need to focus to a greater degree on the retraining or upgrading of existing employees so that present jobs are not lost. Current employees frequently need to be retrained to take new jobs which result from expansion.

Larry Gess, writing in the September 1978 issue of Voc Ed, states that "more emphasis is needed on programs that move underemployed workers into more-skilled jobs and thus free less-skilled jobs for the unemployed." Several states have implemented effective approaches to assisting business and industry to upgrade employee skills through in-plant training. States such as Pennsylvania, Mississippi, Oklahoma, and South Carolina are a part of a trend which will continue in the 1980's for vocational education to become much more involved in upgrading and retraining existing employees on-site in business and industrial settings.

Conducting Training Programs for New Workers in New or Expanding Firms

In addition to upgrading and retraining existing employees, vo-

cational education is also assuming a much larger role in training new workers for employment in new or expanding businesses and industries. Governors and legislators in several states regard vocational education as a major element in attracting new industry and encouraging expansion of firms already in their states. The existence of a skilled labor pool represents a major factor in the consideration of where to locate new businesses and industries. States are increasingly initiating "quick start", customized programs to provide short-term, intensive skill training to new employees. Training specifications and requirements are prescribed by the employing firm.

Focusing on Preparing Employers--As Owners and Managers of Small Businesses and Farms

For many decades agricultural educators have been actively involved in preparing people for self-employment in farming while other areas of vocational education have primarily prepared students to become employees in various businesses and industries. Business educators in the last decade have been giving more attention to preparing people for small business ownership and management. Today, vocational educators in virtually every occupational area are becoming increasingly interested in preparing people to be their own bosses--to become entrepreneurs.

Edgar Persons and Gordon Swanson of the University of Minnesota have been in the forefront in developing programs of entrepreneurial education for farmers and for others interested in establishing various kinds of small businesses. The need for such programs is great. The U.S. Small Business Administration (SBA) has indicated that 97 percent

of all businesses in the United States are "small" businesses. Additionally, the failure rate among small businesses is very high. Vocational education has the potential to meet the educational needs of those who desire to become self-employed. To the extent that vocational education can contribute to reducing the failure rate and increasing overall economic success of small businesses, there will be proportional contributions to increasing the number of jobs in the economy. As small businesses succeed, they grow and new jobs are created.

INVOLVEMENT OF LOCAL AND STATE LEADERS IN JOB CREATION

The previous section which examined the job creation process provides a rationale in part for involvement of local and state leaders. However, a closer look should be taken at (a) policies for economic development and vocational education, (b) issues which grow out of differing philosophies of vocational education and approaches to job creation, and (c) the necessity to bring schools and communities into a closer partnership. This section will conclude with a brief discussion of the need for meeting the educational and employment needs of the total community population.

Distinguishing Between Policies for Economic Development and Vocational Education

It probably would be useful to draw a distinction between policies which support vocational education and policies which are designed to encourage economic development. How do educational policies and economic policies differ, and how do they relate?

Local schools depend upon the economic health of their communities for tax support. Community and business leaders, depend on schools

for an educated work force. However, educators frequently take the economic health of their communities for granted, and communities frequently take the schools for granted. Stewart Rosenfeld, in a paper on "Education and Local Development," states:

> Given their mutuality of interests and overall interdependence, one might expect the relationship between education and local development to be a close and happy one. After all, education requires a strong economy to provide the tax revenues for educational expenditures and the jobs needed by the education system's "products." Similarly, local economic development requires a strong education system to provide young workers with skills, knowledge, and attitudes needed by local enterprises. Even beyond the generation of human capital, schools are expected to transform youth into the consumers needed to sustain the growing demand for products of the economic system. (Rosenfeld p. 1)

However, Rosenfeld is uneasy about the degree of harmony and commonality of objectives between those concerned with the local economy and those concerned with educational matters. He describes the relationship between education and local development in the United States in recent decades to be more "a marriage of convenience than a blissful honeymoon."

How do community leaders and educational leaders in Illinois view the relationship between economic development policies and vocational education policies? Are they separate and should they be kept that way? Or, is there some interdependency between the two sets of policies which should bring them closer together in the minds of community and educational leaders? Confronted with the "chicken and egg" question, it seems fair to assume that the quality of education and its future improvement must depend to a large degree on the economic health and growth of communities. On the other hand, economic growth and community development--which results in the creation of jobs--must

rely very heavily on the quality of education and especially on the occupational skills of individuals who are employed in the community.

Examining Some Issues

Issue No.1: Education and Training--In Conflict or In Harmony?

Vocational educators are increasingly providing "quick start" or customized skill training to support specific needs of local industries. Historically, however, vocational education has been a relatively long-term program which has sought to develop within individuals understandings and attitudes as well as job-specific skills. For many, the distinction between short-term training and long-term vocational education represents a philosophical conflict. Still others argue that vocational education increasingly must be provided in different forms for different people in order to be responsive to varying educational and employment needs of individuals.

Francis Tuttle and James Wall, in the publication Revitalizing Communities Through Industry Services Programs, have described the very successful approaches in Mississippi and Oklahoma to provide start-up training to prepare an initial labor force for new or expanding industries. Vocational education leaders in these states also provide ongoing training to serve the continuing labor force needs of existing industries. However, Edgar Persons of the University of Minnesota has stated:

> Job creation is often thwarted by short-term, intensive training, and nurtured by programs which build momentum with a long and continuous association with instructional activities. Creating an interest in activities that will create or save jobs, developing the skills and attitudes required to participate in job creation activity, and finally, providing the follow-up training that will hasten success are not tasks that can be done in a

> short-term, intensive school setting. They require longer time lines and a different approach to instruction. (Nichols and Persons, 1979, p. 7)

Issue No. 2: Alternative Purposes for Vocational Education. Is vocational education primarily designed to develop each individual to the fullest? Or, is vocational education primarily designed to meet the needs of industry for skilled labor? For many vocational educators these questions pose an uncomfortable dilemma.

The early federal perspective on vocational education was primarily framed in economic terms. A growing nation needed a trained work force. With the passage of the Vocational Education Act of 1963, a shift toward greater social responsiveness of vocational education was begun on a large scale. Special programs for the handicapped, disadvantaged, and other special needs groups became priority areas for vocational education. These thrusts were reinforced in the 1968 Amendments of the Vocational Education Act and were continued in the 1976 Educational Amendments.

Tightening economic pressures in the nation are causing a rise in the concern for vocational education to contribute more than previously to the economy. The issue of vocational education to meet individual needs versus industry needs will be a continuing debate.

Issue No. 3: The Economic Role of Vocational Education. Few people dispute the notion that vocational education is in large part intended to prepare individuals for work in the economic world. The American Vocational Association's 1977 Yearbook contains the following statement:

> Vocational education has always been deeply involved in the nation's economic welfare and has contributed much to the successful functioning of our competitive, market-centered economic system. As the national economic shoe begins to pinch, however, increased attention is being given to the effectiveness and efficiency of all educational programs. Vocational education is not immune from this process: its productivity too is undergoing closer scrutiny . . . . People are looking to vocational education not only to help improve the nation's productivity, but to cure many societal problems. With heavy responsibility for fulfilling human needs as well as national manpower needs, vocational education must endeavor to surpass its earlier achievements. (Meyer)

What is the appropriate response of vocational education to the nation's economic problems? Increasingly, vocational educators are trying to assist individuals as well as industries to bring individual career aspirations and the needs for a skilled labor force into harmony. The educational role and the economic role of vocational education appear to becoming increasingly intertwined.

Bringing Schools and Communities Into a Closer Partnership

Vocational educators, in cooperation with community, business, and civic leaders, can do much to revitalize entire communities. Vocational educators become goodwill ambassadors of the school to local businesses and industries as well as to the broader community in which they operate. By training new employees, upgrading or retraining existing employees, and providing entrepreneurial education, vocational education leadership personnel can expand their influence beyond traditional educational settings.

Initiatives by local and state leaders in the job creation process will go far to help community leadership recognize the potential of schools in serving the economic health of localities and states. Dynamic leadership from local and state level vocational educators should help

school administrators and teachers see that it is beneficial to get involved in job creation activities.

Meeting the Educational and Employment Needs of the Entire Community

The trends of declining numbers of youth and increasing numbers of older Americans, trends which will accelerate between now and the year 2000, are bringing about a fundamental shift in community needs for vocational education. Unemployed or underemployed persons need vocational education as much as full-time students. Women and minorities will continue to have unique needs for vocational education in the foreseeable future. Educational needs and employment needs of individuals are more closely related than in previous years due to increasing economic pressures.

DESIGNING AND INITIATING PROGRAMS

This section contains a discussion of how vocational education leaders have initiated and designed programs to enhance job creation. Local and state efforts will be described, with primary emphasis on vocational education in general and a more limited look at job creation through agricultural education.

Looking at the Broad Field of Vocational Education

Edgar Persons emphasizes the need for job creation through vocational education to help relieve the present mismatch between the needs of people and the available resources in society. He has proposed four alternative ways for vocational education to expand its role in job creation.

1. The New Urban Renewal. This approach to job creation and economic development within urban areas focuses on renewing people

through education and training. This approach calls for creative instruction in the least restrictive environment. Success occurs most often if this approach is applied on a small scale with a focus on individuality, but can also be done on a grand scale.

Tacoma, Washington, has developed plans to locate an instructor of small business management in each five-block area of the depressed inner city. The program places emphasis on job creation and job saving. This approach could be extended for cooperative education coordinators to work in "five-block" areas where students live and where work experience stations exist. In effect, the program takes school to people, in their neighborhoods, where small business resides.

2. Decentralized Urban Renewal. Programs of small business management education for entrepreneurs, where the school serves as the parent agency for the effort, is another important alternative way to achieve economic growth. A model for these programs was developed and implemented in Minnesota, and has since been adopted in several states throughout the country. Instructors use the school only as a home base. Instruction is provided for the most part in businesses or homes of students. No rigid entry barriers or time frames are required.

3. The Bootstrap School. Dr. Persons emphasizes the remarkable experience of the vocational school in Staples, Minnesota, as an unusual example of educational and economic leadership. Through the training of irrigation technicians and well drillers, a long chain of interrelated economic events occurred. When the school introduced the practice of irrigation to local farmers, the more effective use of available water called for more production units--more seed, more fertilizer, more chem-

icals, more machines, and more technicians. Virtually every agricultural-related business in the area experienced economic growth and prosperity as a result of the initiation of the single practice of irrigation. This program was a major factor in the ultimate transformation of Staples, Minnesota, and its surrounding countryside into a thriving economy.

4. Part-time Job Creation. Vocational educators have contributed to the creation of jobs through the use of part-time employment. This most commonly occurs through cooperative education programs at both the secondary and postsecondary levels where students go to school part-time and work part-time.

Part-time jobs are also being created with greater frequency for senior citizens and women in the work force, especially those in transition from the home to the work place. Priority should be placed upon meaningful part-time jobs which have career ladders, with the possibility for full-time employment and/or promotion. Such part-time jobs are most commonly created in collaboration with small businesses.

Duane Lund, Superintendent of Schools in Staples, Minnesota, is a leading proponent of the role vocational education can play in job creation. In fact, he believes the single most important tangible ingredient in job creation and economic development in small communities is a strong vocational education program. In an address at the National Center for Research in Vocational Education, Ohio State University, he emphasized job creation in rural America.

Lund reports reasons given by industry for moving from cities into rural America. Reasons given in order of preference by central Minnesota business and industrial leaders were:

- Supply of labor with adequate skills
- Harder working, more productive employees
- More dependable workers, less absenteeism
- Fewer union "problems"
- Better living conditions for employees
- Lower rent or building and land costs
- Fewer problems with local government

Factors such as tax climate, labor legislation, and supply of skilled labor influence the degree to which some states are more successful than others in attracting out-of-state or foreign employers. Most of the movement of industries from cities to rural areas has been through expansion--usually by establishing satellite operations. These represent new jobs rather than fewer jobs in the larger cities. Those who do leave the cities for rural areas are often unemployed or underemployed. Lund says, "What the new jobs really mean is that rural people--and young people in particular--will have the opportunity to continue to live in the countryside and will not add to the problems of the cities," Lund continues,

> What action is required to move this country in that direction? Here the answers are not so simple and only committed leadership in the rural areas can make it happen. Sometimes, it is made easier by industries and businesses which initiate the move because they have determined that it is to their advantage. "More profit" is the name of the game. However, a community cannot just sit and wait for big name corporations to drop in. A community must decide it wants to grow and be willing to commit considerable time and energy, and some resources, to that end. Other cities and towns are the competition and many of them are aggressively contacting potential employers--letting them know that they would be welcome and would have the full cooperation of their community. Even in the cases where an industry makes the initial contact, it is likely that they are also in touch with several other communities. The response they receive will largely determine their final choice. (Lund, 1980)

The following possibilities should be considered by community leaders (business, civic, and educational) in planning economic development.

1. Develop a community profile which matches what most industries are seeking. For example, a supply of workers who are trained or who could easily be trained, vocational education programs which are available or could be designed in collaboration with industry representatives, capabilities of faculty members who can serve as consultants to industry. State economic development agencies have long recognized the importance of sound vocational education programs in attracting business or industry from other parts of the country. In several states, employees of the vocational division of the Department of Education are assigned to work with the state economic development agency. In some cases, economic development specialists are assigned to each vocational center as liaison with industry to arrange training for new workers and upgrade training for others and to make certain the curriculum is current. In a few states new industries are assisted by free training, sometimes at the plant site.

2. Establish local development corporations as the liaison for both industry and the community. The role of a local development corporation includes:

- Making contact with prospective employers
- Working with state economic development agencies
- Developing industrial parks (for which federal and sometimes state funds are available)
- Helping companies secure financing (local, SBA, HUD, FHA, etc.)

- o Helping the local government obtain grants for water, sewer, and utility expansion.
- o Providing packets of information about the community to all interested parties, and then introducing management-level employees to the area and helping them to relocate.

3. Emphasize quality of living for employees. Small towns and cities need to become "full service" communities in order to assure employers that the quality of living is high for the workers. Communities do need to be large enough to support:

- o Hospital and medical services
- o Good school
- o Water, sewer, and other utilities
- o Adequate shopping and financial services
- o Housing
- o Recreational and cultural opportunities
- o A choice of churches
- o Reasonable access to public, long distance transportation.

Size is not the only criterion. Leadership is usually the key in developing a community which will be attractive from all these points of view.

4. Attend to "home grown" industries. With help and encouragement, local home grown industries can often expand. Most new jobs are generated through local industrial and business expansion rather than by new companies moving into town. A diversity of businesses and industries is more desirable than having one large industry. Communities should not put all their eggs in one basket. A small city would probably be better off adding twenty firms which will initially hire five workers each than a single firm which will employ a hundred

workers. If one large company gets into trouble, the impact on a small community can be devastating. Local leaders should also remember that the twenty small companies will probably create more new jobs collectively than will one larger enterprise over time.

5. Do no overlook the importance of agriculture. According to Lund, between 30 and 40 percent of all jobs (depending on definition) in the United States are agricultural related. The significance of the irrigation effort in Staples has been cited before.

Don Healas, Director of Technical-Vocational Education in Cleveland, Ohio, presented several ideas relating to job creation in the urban setting at the 1978 Conference on Job Creation. He indicated that a Cleveland program has been very successful in assisting youth and adults in making the transition from school to work in the business-industrial sector. Program activities designed to enhance job creation include assisting youth and adults to establish themselves as entrepreneurs. However, he points out that a major barrier to getting people established as entrepreneurs is the amount of money required for capital investment. Other important factors for success include business experience or knowledge and the level of self-concept held by the graduates.

The home economics program in Cleveland has been able to assist graduates in starting businesses in such areas as catering, fabric service, drapery manufacturing, and tailoring. These enterprises start in the home in most cases.

Preparation of entrepreneurs through distributive education has resulted in newly established small businesses, such as independent sales representatives, shoe stores, and auto parts. To improve the

preparation of entrepreneurs through vocational education programs, Dr. Healas recommends that instruction needs to be strengthened in consumer economics, small business operations, and market research for potential business operators.

Focusing on Job Creation Through Agricultural Education--Applications to Other Vocational Education Programs

Probably the greatest number of small business operators establishing themselves as a result of the technical-vocational program in Cleveland is in the field of horticulture. Dr. Healas points out that horticulture lends itself to an easy start-up due to the relatively low capital investment required. Types of businesses which horticulture graduates establish include florist shops, greenhouse operations, landscaping, turf maintenance, and horticultural mechanics.

Vocational educators in other occupational areas should focus more attention on the establishment of graduates in small businesses in which the initial capital investment is minimal. Such businesses generally need to be labor intensive, require little physical space, and require no more than one or two employees at the outset. As was mentioned previously, the agricultural education program in Staples, Minnesota, was a big factor in the total vocational education program's contribution to job creation and economic development in that community. Duane Lund, writing in the April, 1977, issue of the American Vocational Journal, describes in greater detail the establishment of the irrigation program, involvement of local leaders on an advisory committee, and the contribution of the program to the community.

A farm management education program was initiated at the University of Minnesota in the 1950's and has been refined and adopted by agricultural educators in other states since then. This program became the impetus for Edgar Persons and Gordon Swanson to expand the concept to more general management education programs for entrepreneurs (Persons and Swanson, 1978).

WHAT LOCAL LEADERS CAN DO

A major thesis of this paper is that local leadership is the most essential ingredient in successful job creation programs at the community level. Although other expertise is needed from state, federal, and other private sources, initial local leadership must be exerted and must be continuous for long-term success to occur.

What can local leaders do about (a) obtaining baseline information about the community? (b) identifying community goals and objectives to which vocational education can contribute? and (c) defining joint responsibilities of civic, business, industry, and educational leaders? Prerequisites to developing and implementing a plan of action are presented in this section.

Getting Baseline Information About the Community

Although much of the information needed may be available from state or county governments, local leaders must take the initiative to determine the current status of the community. Basic descriptive information is needed regarding the economic health of the community, the extent and character of unemployment and underemployment, available resources, and available education and training programs.

Economic Health. The community may be defined as a city, a small town and surrounding countryside, or a group of counties containing several small towns. Statistics should be compiled on factors such as median income compared to state and national figures, volume of private investment, recent growth rates compared to state and national averages, and recent and projected supply and demand for workers. These statistics will indicate whether or not the local community is growing, holding its own, or declining economically.

Extent and Character of Unemployment and Underemployment. An initial survey should be made of the current population by age, sex, and socio-economic groups in the community. For each group, information is needed regarding the percentage of unemployed people, the percentage of part-time workers in these groups, and the percentage of part-time workers who want full-time employment. Information in these areas will reveal much about groups to be served, the severity of existing problems, and the potential priorities.

Available Resources. Two basic types of information about available resources need to be identified: (1) what resources are available? and (2) what resources are being used? Within these two categories, a systematic checklist is needed of the various kinds of potential support, especially local, that could be used.

Education and Training Programs. Existing programs of education, vocational education, and training by CETA, other government agencies, or industry should be inventoried. The degree to which existing programs meet present needs can be determined by comparing the total needs against the education and training programs being provided. These comparisons make it possible to determine what part of the total

task is being accomplished and what new education and training programs need to be implemented. This information also represents an important basis for priority setting by local leaders.

Charles Drawbaugh, Professor of Vocational-Technical Education at Rutgers University, has studied ways vocational education can be orchestrated with industrial training. Based upon extensive reading, interviews with industrial trainers, and visits to corporate training sites, Drawbaugh (p. 27) developed the following generalizations concerning industrial training which should be important to vocational educators:

1. Industry intentionally discriminates in the selection of trainees; it is careful not to overtrain them for the positions they are being prepared to hold.
2. Industrial training is characterized as continuing education provided to adult employees who have some level of general education and an experiential base.
3. Industrial training in this century has grown from apprenticeships to multilevel human resource development programs.
4. Business and industry are becoming more involved in nonemployee training. Motives range from altruism and an interest in educational experimentation to profit incentives.
5. Industrial training tends to be rather concrete, relevant, and purposeful; it is based on job analysis and guided by behavioral objectives.
6. Transcultural and/or cross-cultural training is becoming increasingly important as large corporations transact more business internationally and as the mobility of their skilled workers, managers, and executives encircle the globe.

7. It is not technology or capital but an adequate supply of competent employees that is the decisive factor in production and marketing in many established corporations.

Identifying Community Goals and Objectives to Which Vocational Education Can Contribute

Based upon employment data and local demand for more workers, a likely goal or objective for a community would be to train employees in specific occupational areas. Programs to accomplish this objective may or may not be in existence.

A job creation goal might be to support new and expanding industry and to strengthen small businesses. These are major avenues by which vocational education can help realize community economic goals.

In addition to basic needs for training employees and entrepreneurs, broader community goals may also be very appropriate for vocational education to address. Specifically, social goals which vocational education could help achieve include education of the handicapped, the disadvantaged, and individuals for employment in nontraditional occupations.

Meeting differing educational needs of community members and groups may represent another goal. Individuals vary with respect to aptitudes, experiences, and skills. Vocational education can make an important contribution to the general level of education.

Vocational education can contribute to other educational goals and objectives of the community. For example, vocational instructors could provide "practical arts" instruction to help individuals be better consumers, equip them for do-it-yourself activities, and avocational activities.

Vocational education has contributed to all the above goals and objectives in communities throughout the country for many years. To the extent community goals and objectives can be made explicit and to the extent vocational education's contribution to achieving them can also be made explicit, the bond between vocational education and community economic development will be strengthened.

Defining Joint Responsibilities of Civic, Business, Industry, and Educational Leaders

The formation of local development corporations, as described by Lund (1980), represents one approach to clarifying responsibilities and coordinating efforts. The formation of informal advisory groups would be another means of defining joint responsibilities.

Arrangements for coordinating vocational education and job creation efforts need to be specified. What is the role of local government? How should voluntary organizations and civic groups be involved? What part should business and industrial leaders assume? What should vocational educators and school administrators contribute?

The decision as to who does what, where authority is assigned, and who assumes specific responsibilities for job creation and economic development represent an important basis for subsequent planning and action. Responsibility needs to be assigned and clearly understood as to who determines the effectiveness of coordination as well as total program evaluation.

A major resource in local communities is represented by voluntary organizations. Much of the creativity and human energy for community growth and economic progress rests with committed civic leaders and their constituents.

In summary, stocktaking regarding responsibility for tasks will help each leadership group define its activities and responsibilities from a fresh broad perspective. Defining joint responsibilities will:

1. Reveal needs and gaps,
2. Suggest opportunities for collaboration between certain groups and programs, and
3. Lay the foundation for a clear and compelling strategy for the future.

WHAT STATE LEADERS CAN DO

State level vocational education leaders must work with leaders of other departments of state government and with business and industry in order to be effective in job creation activities. At the same time, state leaders need to work with local education and community leaders to put programs into action. Thus, state leaders have several functions to perform: (a) planning with local leaders, (b) linking the efforts of others to build on prior successes, and (c) coordinating the various services and resources available at the state and local levels.

Planning for Job Creation with Local Leaders

State leaders in vocational education need a clear sense of which school districts and communities are most interested in working together to spur job creation and economic development. Most successful efforts within communities have been supported by state educational, business, industry, and governmental leaders.

Early planning efforts should involve representatives of the State Department of Education, the Department of Business and Economic

Development, the Department of Agriculture, and, if possible, interested state legislators. Meetings between individuals from these agencies and local leaders can provide the essential early planning and involvement to help assure success.

Evidence of successful state level planning in West Virginia is typified by a recent statement made by Governor John D. Rockefeller IV:

> The program of vocational education has proved to be a vital link in the chain of economic development in West Virginia. Vocational education provides the skills needed by the people of our state to become productively employed, and provides the training essential for business and industry to remain competitive. (American Vocational Association, Position Papers.)

The governor and state legislators can provide the financial support needed for school and community economic development cooperation. In fact, states can and sometimes do mandate dollars for local economic development, and vocational education should be a vital part of the process. State leaders can focus on industrial and business recruitment. The perceived "business climate" is a major factor in states in which industries are considering locating. To the degree that vocational education can become an active participant in local economic development with state support, the business climate is likely to be enhanced.

Linking National, State, and Local Efforts

As was pointed out earlier, Stuart Rosenfeld distinguishes between the objectives of educational policy and economic policy while emphasizing the need for cautious efforts to bridge the two separate policies to enhance the economic development of communities. With regard to vocational education, he emphasizes that

> . . .federal legislation does little to encourage a direct connection between vocational education and local economic development and . . .given this lack of national level encouragement, vocational education is not even coming close to realizing its considerable potential as a force for the rejunvenation of economically troubled communities and as an effective bridge between local education and local economic development. (Rosenfeld, p. 7)

State and local leaders, frequently with the assistance of state and federal funding, lay the groundwork for economic development and job creation. Rosenfeld states:

> The improvement of transportation, sewage systems, health care and the construction of industrial parks are obviously designed to set the stage for both. Although these efforts may not, in and of themselves, attract new industry, they are viewed as the necessary pre-conditions to accompany the direct economic incentives. (Rosenfeld, p. 20)

Vocational education is increasingly assuming an important role in the efforts of states to enhance economic development and job creation in communities. State leaders need to play a major role in linking or bringing together the best information available as to how to proceed. The information provided in the "Recommended Readings" at the conclusion of this paper should be of major assistance to state leaders.

The paper by Rosenfeld provides an excellent summary of various federal programs and legislation which support local economic development. Vocational education leaders should be knowledgeable of these federal programs which represent both educational and economic initiatives through different branches of the federal government.

The following descriptions of state-initiated efforts in job creation and economic development illustrate the kinds of activities which may be useful in Illinois. It is important to keep in mind that the success of state programs is dependent upon local educational and community leaders who put programs into operation.

Texas. The Out-Of-School Youth Cooperative Training Program was started in 1972 by leaders in the Texas Education Agency. This program was designed to address the problems of youth unemployment, school dropouts, and job creation. Program participants were between the ages of 16 and 21 and a school dropout for at least six months.

Follow-up statistics on program participants after five years indicated that many jobs had been created in the industrial sector as a result of the program. Many part-time jobs that were created as a service to the students evolved into full-time, permanent positions.

> Cumulative statistics since 1972 show that 4,371 students have been enrolled in the program with over 80% of that number successfully placed on the job. Of the 3,514 students placed in employment, 2,833 or 80.6% are still employed. In addition to the employment figures, 418 students have received regular high school diplomas and another 577 have completed their GED. (Patterson)

Oklahoma. In 1967 the Oklahoma Department of Vocational and Technical Education began budgeting resources and staff to support industrial and economic growth. In early 1968, in order to give concentrated attention to this state priority, permanent vocational education staff members were assigned to specialize in economic and industrial development.

Later in 1968, state vocational education leaders indicated to the governor, his planning staff, and the Department of Industrial Development that vocational education would like to assume responsibility for training the initial labor force for new and expanding industries in Oklahoma. They established a Special Schools Division specifically committed to train employees for new and expanding industries.

Since the program began, over 25,000 individuals have been trained and about 85 percent were subsequently employed in new or

expanding industries. The training program and curriculum are designed to meet the specifications of the industry. Trainees are exposed only to those skills required to do the job when they are employed. Some companies put trainees on the payroll while they undergo training which is jointly planned by the vo-tech staff and industry representatives. Other companies require rather elaborate preemployment training but virtually assure employment to everyone who satisfactorily completes the program.

The Oklahoma program was funded by the State Legislature and is utilized by the state's Industrial Development Department as a major selling point to outside industries, emphasizing the availability of state-supported vocational training. The program in Oklahoma is conducted in comprehensive high schools, area vocational schools, community colleges, technical institutes, rented facilities, and actual plant sites.

State leaders in Oklahoma are meeting their responsibilities for job development. It is now accepted that this is a normal role for vocational education. It is a role which brings positive results for the State Board for Vocational Education, state staff members, trainees in the program, companies hiring the trainees, and the budget officers and legislators of the state. (Tuttle and Wall)

Mississippi. The industry services program in Mississippi was initiated in 1973 with the assignment of a staff member to work half-time in initiating the industry services program. As the program grew, the staff increased to four full-time employees and it is projected that ten people will be needed to operate the program by 1981. In the first five years of operation, the Mississippi program trained employees for more than 60 industries. (Tuttle and Wall)

The three major purposes of the Mississippi industry services program are as follows:

1. Job training provides industry with a trained labor force and enables citizens in the community to acquire the skills necessary to enter new or better jobs. Program characteristics which contribute to successful job training include high quality personnel, good coordination between industry, public agencies, and other parts of the community, and a close correlation of job training efforts with community and business needs.

2. Job creation takes place as occupational opportunities in the community expand through industrial recruitment and expansion, and through the associated expansion of sales and services. Long-term community growth and progress depend in large part upon promoting the stability and growth of existing industries in addition to attracting new industries.

3. Job placement comprises the various activities carried out to place people in jobs, once trained. The success of job training and job creation depends upon job placement.

South Carolina. The 1962 Code of Laws of South Carolina, Volume 5, established South Carolina's State Committee for Technical Education, now known as the State Board for Technical and Comprehensive Education. Its purpose is to assist the people of South Carolina in upgrading their technical and industrial skills. In addition, it was established to provide existing and new industry with a trained, initial labor force on a no-cost basis. The state has established sixteen technical education campuses which are geographically dispersed throughout the State.

The Industrial Services Division of the State Board is staffed with industrial engineers, methods analysts, recruiters, and trainers. The state maintains an equipment pool from which numerous special educational programs are set up for companies. South Carolina officials assist

industries in analyzing their needs; developing a master plan; developing a schedule for recruiting, testing, selecting, and training activities; making decisions about training sites; assisting in the orderly transfer of key personnel; recruiting employees locally; screening and testing applicants; and conducting training.

The entire planning, recruiting, selecting, and training operation is accomplished without cost to industries. This approach represents the state's commitment to support job creation and economic development in South Carolina.

Coordinating Services and Resources

State level coordination of job creation initiatives can strengthen the efforts of individual communities. A useful starting point would be for state vocational education leaders to inventory the services and resources which are available from the Department of Business and Economic Development, the Department of Agriculture, the Department of Adult, Vocational, and Technical Education, and business and industry.

This inventory of services and resources can then be provided to local leaders who are ready to launch job creation and economic development efforts. The state vocational education leaders serve as liaison to match state resources with local needs. State leaders can work jointly with local vocational education and community leaders in identifying specific objectives, developing agreements, and preparing a schedule of activities to be completed.

State level coordination provides a number of advantages over local initiatives alone. They are:

1. Training may be provided with a minimum of lead time when a local school system has not budgeted for such training.
2. Start-up training can often be performed more readily by an industry services program than by local schools which may have most of their resources committed to ongoing vocational programs.
3. Flexible and high quality programs can be made available anywhere in the state's boundaries. Training can be provided to any section of the state without limitations of varying abilities of communities to support the program.

MOVING INTO ACTION

This concluding section of the paper contains possible ideas for planning and decision making by local and state leaders as they get involved in the job creation and economic development arena. Information in this section is not a recipe or a blueprint, because situations vary from community to community within a state. The focus here is mainly on the short run, initial phase of program development for job creation.

Creating Local Awareness to Enhance Job Creation

Local and state level vocational education leaders need to work with other government and business leaders to create sufficient awareness and interest for job creation and economic development efforts to take hold. An expanded view of the role and contribution of vocational education to job creation is inherent in this process. Vocational education programs must come to be viewed as an open access system. Programs must be in school and out of school; they must be both short term and long term; and they should be for older community members

as well as for the young. While this expanded view of the role of vocational education is gaining wider acceptance, awareness must also be created of the link between preparing people for employment and the economic development strategies of a community.

Vocational education must come to be viewed as an integrated part of the economic development program of communities, and not as a separate, isolated function. A distinction has been made between policies for vocational education and policies for economic development. State and local leaders must help their constituents understand and accept the idea that educational and economic development policies should go hand in hand.

Finally, it must be understood that the initiative for job creation and economic development must come in large measure from local leaders, including vocational educators. While assistance from state and possibly federal levels will be necessary, it is not sufficient to sustain long-term community objectives. Creating local awareness must lead ultimately to increased local leadership, initiative, and follow-through.

Choosing Early Actions

Local leaders, with timely assistance and involvement of state leaders, can develop a bold but realistic plan of what their communities should become in the future by taking into account the social and economic changes that will be required. Choosing appropriate beginning actions should be done in the context of the long-term plan. The first steps to enhance job creation should be chosen based upon estimates of foreseeable resources which will be available. Then, choices must be made as to where and how to direct short-term actions. For

example, a balance should be achieved between recruiting new businesses and industries to a community and retraining or upgrading existing employees in local firms to accommodate their expansion. Leaders need to be fairly certain that any action taken will be of value three to five years into the future regardless of the long-term strategy to be chosen later.

Some questions which should be asked regarding any action under consideration include the following:

1. Is the action aimed at meeting a clear priority need, or is it just another "good thing to do"?
2. Does it possess innovative features that, if successful, will result in significant lessons for wider application?
3. Does it have the support necessary to give it a reasonable chance of success? Will it be productively linked with related programs to result in mutual reinforcement? Or, will it contribute to present fragmentation?
4. Is it on a scale large enough to yield significant results and have a major impact?

These considerations are raised as a caution against hastily-conceived actions. A proper balance must be struck between the need for early action to speed the job creation process and the time required for well-conceived actions to be implemented successfully?

Avoiding Pitfalls

It is important to avoid an individual program or project mentality with something as complex as job creation and economic development in communities and in the state. Careful work needs to be done on (a)

linking programs together, (b) information sharing, and (c) centralizing services such as publicity and evaluation.

Avoid rushing into action until a well-conceived plan is in place. This does not mean that years of study are necessary before a plan is implemented, but there must be a meaningful plan to guide actions. Any plan should contain steps to generate broad community support.

Avoid adopting job creation programs developed elsewhere without tailoring them to local conditions. Resources will vary from one community to the next. Community attitudes and expectations will vary. The scope of the vocational education programs and the range of businesses and industries will also vary locally. Avoid consuming large amounts of resources on a lot of small, unconnected efforts. It is better to do a few things well than to do everything poorly.

Avoid relying too heavily on outside help, although it certainly will be needed for a comprehensive program of local job creation and development. Local leadership is fundamental to long-run continuity and progress.

Mobilizing Resources

Local educational, business, and community leaders need to inventory the resources available locally which may contribute to job creation. Common objectives should form the basis for allocating local public revenues and business and industry resources.

Solicity support from Illinois state government agencies such as the Department of Adult, Vocational and Technical Education; the Department of Commerce and Community Affairs; the Department of Agriculture; and state business leaders. Their support is needed to secure

available resources for increasing the extent to which vocational education can contribute to job creation efforts locally. Assistance should be obtained from state leaders in securing support for vocational education and job creation under various federal government programs.

A local commitment to support social and economic changes is required in job creation efforts. Taxes may need to be increased to provide the necessary services to attract outside industry. Communities must be willing to provide increased services to support the needs of those who will come to local communities to establish firms and to secure employment.

A clear picture of how all these resources relate to the economic development of the community and the state will help assure resources in the future. People are willing to commit resources much more readily if they see how the resources will be used and what the benefits are likely to be.

A Final Note

Local and state vocational education leaders, government leaders, and business leaders must work together. As they do, they must realize that costly mistakes at the outset of job creation efforts could seriously hurt the chances for long-term success. Those who provide the resources and human energy need the reinforcement of early success in order to continue.

Job creation can be clearly enhanced through vocational education leadership. The following points should be kept in mind by vocational educators when moving into action:

1. Size up the general situation. How did the community get where it is? What is its present status? What are reasonable expectations for the near future?

2. Reexamine the lessons of past experiences in other communities in the state and in other states. What were the main factors which appear to have assured success? What mistakes were made that could be avoided in the future?
3. Be deliberate and analytical in choosing efforts to undertake at the start.

Early success will generate enthusiasm, support, and involvement from state and local leaders. The decade of the 1980's could represent the best opportunity in vocational education's history to contribute to the overall economic health of communities, states, and the nation. Realize that costly mistakes at the outset of job creation efforts could seriously hurt the chances for long-term success. Those who provide the resources and human energy need the reinforcement of early success in order to continue.

APPENDIX A

Excerpt from a Keynote Address by Edgar Persons

to the Wisconsin Association

for Vocational and Adult Education,

Oconomowoc, Wisconsin,

April 5, 1979.

(Used by permission)

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Excerpt for a Keynote Address by Edgar Persons
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A Model for Economic Development

To suggest that there is single model for economic development is deceptive. It has already been established that job creation is complex. Complex problems are not generally amenable to simple solutions. No single model could suffice to describe all of the many ways in which vocational education can impact on job creation and job saving. Vocational educators can, however, examine some of the alternative scenarios that will enhance the job creation process.

But let's bring the theories of economic development down to the "doing" level. What can we do?

First, let's examine the "givens".

- Vocational education has little capacity for direct economic development. Its influence on economic development can be felt only as it interacts with individuals or groups who have the opportunity to create jobs.
- There are basically only two kinds of jobs: self-employment and working for someone else.
- For job creation efforts to have a lasting positive effect on the economics of the nation, the job creation efforts must be concentrated in the private sector.
- Vocational education must dare to be different. There must be innovative programs that test the ability of vocational

education to interface with the problem of matching resources and people.

- o For both immediate and long-term effects on the problem of job creation, vocational education must zero in on the populations that have the potential capacity to increase business activity and consequently create jobs.

Let me suggest several things we can do as vocational educators to contribute to economic development:

1. Start with the simple--look around your home community--get a sense of understanding of what makes the economy in your community tick. In fact, get a copy of County Business Patterns from the Department of Commerce and see where people work--you'll be amazed at the number of small businesses that make up the threads of the economic fabric of your community. Unless you believe in fairy tales, you will recognize that behind each small business is a entrepreneur--over 85 percent of the total business in this country is small. Ask yourself what you have done to prepare your students to become one of the 9 million such persons who operate the small businesses.
2. Expand your vision--go beyond the jobs that are <u>available</u> to examine the work that <u>could</u> be done. Each undone segment of work is a potential self-made job for somebody's student. Help students think of ways they can help themselves; show them how to get started.
3. Simulate the work setting--not just the equipment and facilities, but the organizing principles you use to manage your

classrooms. Worker productivity (or lack of it) is a major cause of failure to meet our foreign competition. It contributes to inflation in our economy and reduces worker pride. The transition from school to work has never been easy. Since we do not have the authority or responsibility to make work more like school, then we have the opportunity to make school more like work, or at least the way work should be. Pope, in Moral Essays, said, "Tis education forms the common mind; just as the twig is bent, the trees inclined." Our students will tend to work the way they are taught.

4. Encourage creativity. Economic success and development is spurred on by creative people. Don't get in the way! There is an old saying, "If you can't push, pull--if you can't pull, get out of the way!" For some of our creative students we have to get out of their way!

5. Prepare your students for the eventuality of working for themselves. If you have not already done so, ask your students how many have given some thought to being their own boss--an entrepreneur. Every auto mechanic is a potential garage owner--every cosmotologist a potential owner of a salon, every horticulture student a nurseryman, every ag student a farmer. The list goes on and on. Your job is to interject a spirit of entrepreneurship in your instruction.

RECOMMENDED READINGS

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SMALL BUSINESS DEVELOPMENT AND JOB CREATION

by

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THE SMALL BUSINESS SECTOR

Illinois has a well developed and sophisticated small business sector, and it is one of the major factors which contributes to the economic strength of the state. However, government intervention to support and develop this sector of the economy has been minimal.

Owners of these small business firms may be called entrepreneurs because they have chosen to assume risks, identify business opportunities, gather resources, initiate action, and establish organizations to meet some demand or market opportunity. A distinguishing mark of entrepreneurs is that they tend to be independent and self-sufficient, and they have some resistance to working with government or any other agency to meet common goals. Many entrepreneurs in Illinois want to be left alone to operate their businesses in a very individualistic manner, and this factor presents one of the major barriers to providing help to the small business sector. Statistics[1] concerning small business highlight the need for attention to this sector of the economy.

- Of over fourteen million enterprises in the United States (including farms, franchises, and professional firms), two million are corporations, one million are partnerships, and approximately eleven million are sole proprietorships.
- Of the fourteen million enterprises, 99.2% employ fewer than 100 persons.

- Eighty percent of all small businesses fail within the first five years.
- Nine out of ten small business fail because of poor management. Specific reasons include lack of planning, inadequate controls, poor accounting methods, inability to read and understand financial statements, and inability to locate expert advice when needed.
- Minorities form 17% of the total population, but own only 4.3% of all businesses and generate only .7% of all business receipts.
- Women make up 48% of the work force, but own only 4.6% of all businesses and generate only .3% of all business receipts.
- In Illinois, there are 230,000 businesses, and 198,000 (86%) of these businesses employ fewer than 20 persons.

Clearly, there is a need for targeted educational programs for self-employment and vocational education is in an excellent position to provide these services.

JOB CREATION IN SMALL BUSINESS

Job creation depends, in a large part, upon the births and expansion of small firms. Entrepreneurs have the ability to spark new ideas and develop new products and services that create businesses, which in turn create the need for new jobs. David Birch indicated in a recent study that between 1969 and 1976:

> On the average about 60 percent of all jobs in the U.S. are generated by firms with 20 or fewer employees, about 50 percent of all jobs are created by independent small entrepreneurs. Large firms (those with over 500 employees) generate less than 15 percent of all net new jobs.[2]

This study was based on Dun and Bradstreet's data files of 5.6 million businesses. From the results of this study, it appears that the smaller firms are aggressively seeking out new business opportunities, while the larger ones are primarily maintaining their current status.

The Birch report indicated that small firms, despite their difficulties in obtaining capital and their high failure rates, are the major generators of new jobs in our economy. In slower growing areas, small firms may be the only significant provider of jobs. Most economic development programs to stimulate new job opportunities have been aimed at relatively few large corporations. However, it is the thousands of anonymous smaller firms which employ fewer than twenty employees that are job providers in the older sections of our cities and also provide the major share of new jobs in the growing areas as well.[3]

The Birch report indicated that not all small firms are equally productive and it was the smaller, younger firms that generated most new jobs. Once these firms got much over four years in age, their job generation powers declined substantially. From the results of the Birch report, a profile of the job generating firm can be formulated; it is small, has been in operation less than four years, tends to be independent, and is volatile. This profile does not appear to vary much across industries or across regions of the country.

Over 50% of all new businesses fail during their first two years of existence. This serious problem is compounded by estimates which indicate that over 50% of the money used to start new small businesses is generated through private sources such as personal family savings and borrowing from friends or relatives. The failure of a small business is a financial tragedy, but it is also a family tragedy, and the

psychological problems of the people involved may be as great or greater than their financial losses.

During the past ten years, the literature has highlighted the importance of small businesses in achieving economic goals. It is now time to focus attention on how specific problems relating to small businesses can be solved. Solving these problems will allow small businesses to be more successful. Growth and expansion of small businesses will result and will increase new job opportunities at the local level.

Consultants are especially helpful in solving specific business problems. However, there are very few small business experts or consultants in Illinois. They may be considered first generation because they have received no specific training for dealing with the problems of small businesses. There is a lack of educational programs, extension services, and support organizations to prepare people as consultants to assist small businesses.

New types of assistance may be needed for the small business sector. The educational programs and assistance given to farmers through the Department of Agriculture and its network of cooperative extension services might be duplicated in the area of business. Although the principles and problems in business are in many ways unrelated to agriculture, the agricultural education model has many applications to small businesses.

A comparison might be made between the U.S. Small Business Administration (SBA) and the Department of Agriculture regarding their current ability to provide services to these two economic sectors. For every twenty farms in the United States there is one Department of Agriculture employee; however, for every 2,200 business firms there is

one Small Business Administration employee. The total SBA staff of 4,500 is inadequate to satisfy the demands of approximately eleven million small businesses. Management assistance is currently being provided by the following groups:

470 SBA Management Assistance Officers (MAO)
9,500 SCORE (Senior Core of Retired Executives)
2,500 ACE (Active Core of Executives)
20,000 College students enrolled in small business courses
2,000 Faculty involved with the Small Business Institute Program

Only the 470 Management Assistance Officers are paid professionals. The remaining 34,000 persons may be considered volunteers who have varying degrees of commitment to providing assistance.

A major priority regarding the growth and expansion of small businesses is the development of integrated policies. In January 1980, the White House Conference on Small Business identified issues and made proposals concerning small business policies for the 1980's and beyond. Twelve policy issues that were addressed at the Conference and highlight the potential for future job creation activities include: (1) capital formation and retention, (2) federal procurement, (3) economic policy development in government programs, (4) women in business, (5) government regulations and paperwork, (6) inflation, (7) international trade, (8) minority business development, (9) innovation and technology, (10) energy, (11) veterans in business, and (12) education, training, and assistance. Additional proof that the federal government is interested in the small business sector is reflected in the fact that more senators applied for membership on the Senate Select Committee on Small Business than any other Senate committee.

The issue paper on education, training and assistance indicated that:

> There is an urgent priority in the current national 'crisis of confidence' to encourage the expansion and vitality of small enterprises as a long-term factor in the American economy. It seems apparent that there is a need for re-establishing a strong base for small businesses and a reintroduction of the small business option to the American public. In other words, there is a need for a systematic nationally-directed program of education for entrepreneurship.[4]

Not only is there a need for continuing education and training in the form of management assistance and updating of specific technical skills, but there is also a need for general public awareness of the problems and potential of owning and operating a small business.

INVOLVEMENT OF VOCATIONAL EDUCATION

The results of the Illinois: Today and Tomorrow[5] public opinion poll of 9,900 Illinoians indicated that "Job Opportunities" ranked second in the area of community problems. The ranking of the thirteen problem areas are included in the following table.

Table 1: Ranking of Community Problems

1. Government-Citizen Relationship
2. Job Opportunities
3. Housing
4. Transportation
5. Pollution and Littering
6. Business and Industry
7. Law Enforcement
8. Recreation Services
9. Community Planning
10. Community Services
11. Education
12. Health Services
13. Public Safety

Increasing job opportunities is not only a concern of government, but appears to be a priority item for the general public in Illinois as well.

Vocational education has had a proud history of preparing people with the skills they need for employment. Since the early 1970's, vocational education has focused on broader nonskill types of educational programs and has played a leadership role in developing and implementing career education at all educational levels.

Recently, there have been indications that vocational educators are becoming more involved in the area of attitude development. Occupational survival skills such as problem solving, human relations, decision making, and effective communication are some of the new types of concepts which might be included in career preparation programs.[6]

Vocational education is open to new ideas concerning the preparation of people for work. One type of new activity which has received attention at the national level is the idea that preparation for self-employment as a career option could be included in current vocational education programs.[7] Vocational education prepares people for employment, but not much has been done to help people gain the knowledge and ability to become self-employed.

A survey conducted in Middlesex County, New Jersey, indicated that of those persons graduating from vocational programs 25 years ago, nearly 9% of these graduates eventually owned their own businesses.[8] Of those students currently enrolled in vocational education programs, three of four students in a typical vocational education class will eventually own their own business, but many more students may have the potential and desire to become self-employed.

SUPPLY VS. DEMAND

Vocational education has always been a primary factor in the supply side of the economic equation pertaining to supply and demand

of skilled manpower. However, recent pronouncements by government officials and others indicate that vocational education can also be involved on the demand side of the job creation equation. Demand for trained manpower comes with the initiation of new businesses and expansion of existing businesses. Little thought is given to the preparation of those persons who are self-employed who will create the demand for new jobs. When people become self-employed, they must hire workers who possess specific vocational skills.

Vocational education can have a significant impact on the job creation process by helping to prepare those people who are interested in self-employment. It is the preparation of people with self-employment skills that will enable vocational education to approach the job creation process from a totally different perspective.

ENTREPRENEURSHIP EDUCATION

Until recently, the national educational agencies had little interest in implementing education and training programs regarding entrepreneurship development. Between 1976 and 1978, only nine projects relating to entrepreneurship education were funded by the Bureau of Occupational and Adult Education, HEW, for a total of $674,327. This relatively small sum of money indicates that such programs have had very low priority. In addition, the outcomes of these nine projects have had little impact on educational programs to prepare new and emerging entrepreneurs because much of the content of these projects concentrated on techniques and materials for teaching finance, management, and marketing. There was little content relating to entrepreneurship education, possibly because the concept of entrepreneurship was new and many educators really did not know what or how to teach this subject.

Entrepreneurship education is important because it is primarily through the development of viable firms that job creation can take place in our economy. New businesses need to be initiated and weak businesses need to be strengthened. Stable businesses need to be assisted in developing plans for expansion and growth.

The small business sector is marked by instability and a high rate of failure. Various target groups that should receive instruction and training for entrepreneurship include the following:

1. Future entrepreneurs: those young people in school who are considering small business ownership as a career option at some time in their future;
2. Potential entrepreneurs: those persons in the labor force ready to initiate action to become self-employed;
3. Existing entrepreneurs: those persons who currently own small businesses and are in need of assistance; and
4. Growth-oriented entrepreneurs: those persons who have a viable business and are interested in expanding their business operations.

Vocational education programs need to be designed to meet the needs of these four groups of people. The primary objective of these programs is to increase the chances of success of small business owners. This education should begin at the elementary and secondary education levels and be continued at the adult level. People need to know the problems and prospects for self-employment, how to initiate action to become self-employed, the types of skills necessary to successfully operate a business, and the strategies and opportunities which can help businesses expand.

INNOVATIVE PROGRAMS

A CETA program has been implemented by the Private Industry Council (PIC) of Berrien County, Michigan, to help CETA participants become involved in small business management.[9] The PIC hopes to place twenty trainees in jobs which will teach them such management skills as supervising a small staff, meeting production schedules, and running an office. Approximately $52,000 in Title VII funds will support half their salaries during training periods lasting from four months to one year.

Although this program is unique and innovative, the outcomes of the project are highly questionable. Can a small business manager be trained in one year or less? Is this project an efficient use of federal funds? Are there other methods which can be used to train future small business managers? Are there alternative educational programs which can produce similar results? Is this type of training really necessary? Through evaluation, it will be possible to determine the effectiveness of this project and other projects which result in job creation.

On a broader scope, the Private Sector Initiative Program has tried to create jobs through the private business sector. A report of this program indicated that there is a lack of commitment by the business community to this program and that private industry councils and the targeted jobs tax credit are inadequate methods for attracting meaningful business involvement. The report suggests that disadvantaged would have better opportunities for securing jobs if firms receiving government contracts were required to set aside positions for them.

Actions by the public sector in the area of job creation have been relatively limited and ineffective, and new alternative programs have been initiated with the cooperation of the private sector. However, in order for jobs to exist, there must be businesses willing to hire people for these jobs. Vocational education programs for self-employed persons will make businesses more viable, and employment creation will become a natural outcome. Helping businesses, especially small businesses, will result in the creation of many new types of jobs.

A recent report[10] indicated that job creation requires the successful combination of (a) unemployed people, (b) unsatisfied markets, and (c) underutilized resources (capital and physical). This report suggests there must be a new relationship developed between the private and public sector which would encourage the growth of business and increased development of local, private-public enterprises which has unrealized potential for large-scale, targeted job creation.

The coalition of business, labor, community groups, and government agencies can combine their resources and capabilities in new ways. The resulting enterprises will bring together underutilized resources and unemployed people to address unmet needs. The report suggests that these local private-public enterprises (LPPEs) are finding ways to fill gaps in the economy which neither the public sector nor the private sector has the capacity to fill alone. These needs include solar energy, waste recycling, industry revitalization, energy conservation, house rehabilitation, and inner-city food distribution.

It is envisioned that these local private-public enterprises can be successfully targeted to specific groups of employed such as minorities, youth, ex-offenders, ex-adicts, and displaced homemakers. Although

the concept of these LPPEs is noteworthy, there is a need to determine the extent to which these types of enterprises can replace those businesses in the private sector. Is there really a gap between services provided by the public sector and services provided by the private sector which can be meaningfully fulfilled through the LPPEs? It appears that once the LPPEs is initiated, these enterprises will still face similar problems to those in the private sector. Interventions to develop artificial business structures such as the LPPEs may not be a viable concept in the long term, and these initiatives may not be very effective.

The Full Employment and Balanced Growth Act of 1978 established full employment as the official long-term goal of the nation. The Department of Labor is charged with the final responsibility for meeting these employment goals, particularly with respect to decreasing the rate of unemployment. The Full Employment Act reflects a changing perspective of the nature of the most productive means of job creation. The focus of job creation has shifted: whereas five years ago government was perceived as the growth sector, the evidence now suggests that small business development in the private sector will account for most of the new jobs in the future.

Various short-term programs designed to train people for specific jobs have been funded with government money. Programs like CETA, HITS, and the New Jersey Department of Labor and Industry's "Customized Training and Technical Service Program" have been initiated to prepare people for work in the private sector. The types of training received in these programs tend to be for entry-level occupations. Many of these government funded training programs are for occupations

generally associated with large businesses. It appears that we have a corporate mentality when we think of job creation through employment programs. However, the results of various employment surveys indicate that many of the participants in these training programs may have difficulty in finding employment in large businesses.

It may be that vocational education must use a different approach to the job creation process. The creation of jobs does not necessarily depend on the quality of our vocational education programs, but depends primarily on the ability of (a) existing businesses to expand and (b) new businesses to be initiated.

Many new small business owners start businesses which are similar to businesses where they worked as employees. If this is true, vocational education has the responsibility not only to prepare people with the skills necessary for employment, but should also teach skills which will enable employees to leave their employment situation and seek self-employment opportunities.

THE ROLE OF TECHNOLOGY

It is through change that economic growth is possible, and it is small businesses that precipitate change. Recently, a study conducted by the M.I.T. Development Foundation compared job formation in 16 companies for the time period 1969-1974. Six of the companies were giant corporations having sales in the billions of dollars. Five were large companies with a history of innovation, and five were smaller new companies which had developed new technologies.

The results of the study indicated the sales of the six giant companies such as Bethlelem Steel and General Electric grew 11.4% a year, but their employment roles increased at the rate of only .6 of 1% a

8. Financial management was a concern of those involved in small business. It is their impression that too little attention is paid to this critical area. They believed that the most significant reason for small business failure is the issue of undercapitalization.

Aside from the fact that students are not necessarily encouraged to consider entrepreneurship as a legitimate career pursuit, the related training needed to become an entrepreneur does not appear to exist. It is recommended that entrepreneuship education be included in both general and vocational education.

9. It is interesting to note that most school districts in the Macon County area receive some form of assistance for gifted education. Yet, gifted funds are not used in any way to support vocational/occupational activities. This may be indicative of an underlying belief that "gifted/talented" students either should not, or would not, pursue careers in business. Yet, each of the successful entrepreneurs interviewed as a part of this study exhibited a variety of behaviors which are similar to the characteristics of highly creative and talented persons. Vocational education should be available to all students, including the gifted.

10. Many of those interviewed believed that educators reflected an antibusiness bias. This assertion has been denied by educators, but the problem has never been studied. It may be worthwhile to assess current teaching personnel as to their knowledge and attitudes toward the local industrial/business community.

SUMMARY

Even through Decatur and Macon County is a community of diversified industry, many industries and a substantial number of jobs are tied either directly or indirectly to the fortunes of automobile industry.

As a result, unemployment in the Decatur SMSA is considerably higher than the national figure of 7.3%.

The primary determinant for job training is for existing and not potential job slots. Therefore, a substantial portion of current training is unintentionally geared toward preparing young men and women for vocations relating to the automotive industry which is currently experiencing high unemployment rates.

At a time when traditional employment opportunities are sparse, it may be appropriate for vocational education at all levels to seek new and potentially creative alternative avenues for program development. As a first step in this process, improved articulation is needed between the public high schools of Decatur/Macon County, Richland Community College, and other training institutions.

There is a need for educators, community development specialists, and representatives from business to increase their efforts to enhance the economic viability of the community. This interaction should not necessarily dwell on existing manpower requirements, but focus on opportunities for future economic growth and job creation potential.

The Decatur community has the resources, creativity, and interest to develop unique patterns for job creation training. However, stronger linkages need to be developed between public agencies, private organizations, and concerned citizens to bring together critical resources that will facilitate the job creation process.

FOOTNOTES

[1]Historic Events, Decatur Macon County, Illinois, compiled by: Decatur Public Library; Decatur Herald and Review; and the Decatur Association of Commerce, 1960, p. 1.

[2]Banton, O. T. (Editor), History of Macon County, Macon County Historical Society, 1976, p. 35.

[3]Ibid, p. 40.

[4]County Business Patterns, U. S. Department of Commerce, 1977, pages 23-24.

[5]Labor Area Trends, Decatur SMSA, Alfred Miller, Research Analyst, Illinois Bureau of Employment Security, March, 1980, p. 2.

[6]Occupational Outlook Information Report, State of Illinois, 1974-1978, James A. Lang, Acting Manager, U. S. Department of Labor, March, 1980, pages 289-291.

[7]Dunn and Bradstreet, Cross Tabulation, Macon County SIC Code/ Employment Size Categories, Department of Commerce and Community Affairs, Labor Market Information Section; Springfield, Illinois, 1980, p. 1.